



London Borough of Hammersmith & Fulham

CABINET

1 JUNE 2015

AGREEMENT FOR THE DIRECT AWARD OF DAY SERVICES FOR PEOPLE WITH DEMENTIA

Cabinet Member for Health and Adult Social Care: Councillor Vivienne Lukey

OPEN REPORT

A separate report on the exempt part of the Cabinet agenda provides exempt information.

Classification - For Decision

Key Decision - Yes

Wards Affected: All

Accountable Executive Director: Liz Bruce – Executive Director of Adult Social Care

Report Author: Steven Falvey

Contact Details:

Tel: 020 8753 5032

E-mail:

steven.falvey@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. Hammersmith and Fulham Council's Adult Social Care department currently commission two day services for people with dementia, these are: St Vincent's Day Centre run by Alzheimer's Society and Activity Plus run by Housing and Care 21. The contracts that govern current arrangements ended in 2009 and December 2013 respectively.
- 1.2. Following a previous review of the services, the Council is looking to re-model and expand its existing day service provision into an integrated Dementia Resource Centre offering a range of building based support, flexible community outreach, information and advice services, and a dementia café.

- 1.3. It was originally envisaged that the award of these contracts would have come into effect in late 2013. However the procurement process, which would have also included two services for people living with dementia in the Royal Borough of Kensington and Chelsea, was delayed due to a range of on-going technical and property related issues.
- 1.4. This report seeks approval to waive Council's Contract Standing Orders (Under CSO3) of the requirement to seek competitive bids and approval for the direct award of two contracts for the provision of dementia day services.
- 1.5. The award of these contracts is required to ensure contracts are in place and to deliver service continuity whilst a strategic review and re-tendering of dementia day services, across Hammersmith and Fulham (H&F) and neighbouring boroughs is completed. The outcome of the review, led by the Hammersmith and Fulham Clinical Commissioning Group (H&F CCG), will inform the procurement approach.
- 1.6. The total cost to H&F over the 18 month contract period would be (in accordance with current arrangements) £668,785. However negotiations with providers have commenced. To date, Alzheimer's Society has offered up 4.3% savings, which equates to £13,743 per annum across the contract.
- 1.7. As of April 2015 there will be a statutory obligation under the Care Act 2014 for Local Authorities to provide a diverse range of services that prevent, delay or reduce care needs. These voluntary sector preventative services are key to ensuring that the Council is compliant with the Act. It is envisaged that future demand and activity will increase during the extension period.
- 1.8. The report requests authority from Cabinet (in accordance with paragraph 20.1.2 of Contract Standing Orders) to approve the direct award of two contracts for dementia day service provision for 18 months from 1 June 2015 to 30 November 2016. The services and values are set out in Table 1 below.

2. RECOMMENDATIONS

- 2.1. That a waiver of the Council's Contract Standing Orders be approved in order to directly award two contracts from 1 June 2015 to 30 November 2016 to the incumbent service providers. Table 1 sets out details of the services and values for the contract period.

Table 1: Contact Values

Service Provider	Service Name	Description	Annual Contract Cost	Proposed Contract Cost	Total Contract Value
Alzheimer's Society	St. Vincent's Day Centre	Day Services for People with Dementia	£319,600	£305,857	£458,785

Housing and Care 21	Activity Plus	Community Based Outreach Service	£140,000	£140,000	£210,000
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2.2. That both contracts include a break clause, which would allow the Council to terminate the agreement with 3 months written notice.

3. REASON FOR DECISION

3.1 The recommendations are sought to ensure contracts are in place and to ensure continuity of service whilst a H&F CCG led strategic review of dementia day services across H&F and neighbouring boroughs is undertaken. The purpose of the review is to look at whether there are any synergies for wider development of care pathways, sharing of good practice, expertise and possibly resources. The outcome of the review will lead to new contracts being in place from 1 December 2016.

3.2 Please also refer to Appendix 1 (contained in the exempt report on the exempt Cabinet agenda).

3.3 Negotiations with the service providers to identify savings, in return for the award of these contracts have commenced:

- Housing and Care 21 have offered to freeze the costs set out in Table 1 above for the duration of the 2 year contract term.
- Alzheimer's Society has offered a saving of 4.3% of the annual contract value. This equates to £13,743 per annum across the contract.

3.4 With regards to these negotiations it should also be noted that Alzheimer's Society have recently seen a reduction in their H&F Third Sector Investment Fund allocation for the period December 2014 – May 2016. The organisation had requested £59,105 per annum to continue to provide a full time Dementia Support Worker, offering information and advice, casework and facilitation of a dementia café, but was awarded £15,000. This has seen this element of their service reduce from five days per week to one.

3.5 These services (St Vincent's Day Centre and Activity Plus) are working with increasingly complex dementia customers. Although the prevalence of dementia within age bands is not expected to change, the improved survival from other diseases such as heart disease and stroke means that more people are also surviving into old age. The increase in complexity of customer needs makes it additionally difficult to achieve a reduction in costs and still provide a good quality service.

3.6 The Care Act 2014 places a statutory duty on local authorities to provide a diverse range of services that prevent, delay or reduce care needs. The services provided by both providers are key to the Council's compliance with that duty. It

is envisaged that future demand and activity will increase during the term of the proposed contracts. These contracts will allow for stability during the implementation of the Care Act and enable officers to review its impact.

- 3.7 Both providers have a long track record of delivering quality specialist dementia services in Hammersmith and Fulham. The services are working well, achieving good outcomes with no cause for concern, and support the Council's strategy of enabling people to remain living in their own homes, whilst supporting family and carers in their caring role.
- 3.8 The market for providers of dementia day services is relatively small. Housing and Care 21 also provide similar dementia outreach services in one of the Council's partner boroughs.

4. INTRODUCTION AND BACKGROUND

- 4.1 Building based day service provision to people with dementia is currently provided by a longstanding national organisation, Alzheimer's Society. The service provides a range of care, personalised support, activities, and information and advice for up to 21 people with a moderate dementia. Currently 100 customers are registered with the service, 10 are aged under 65, 56 between the ages of 65 -74, and 34 aged 85 and over. A range of support is also offered to carers and families. The service is located centrally on Queen Caroline Street and currently shares premises with St. Vincent's Day Hospital and St. Vincent's House Nursing Home.
- 4.2 Housing and Care 21 provides community based outreach to sheltered housing residents and people with young age onset dementia. The aim of the Activity Plus service, delivered from Olive House at Imperial Wharf, is to support people to access activities of their choice, which enables them to be meaningfully occupied and provided with stimulation. The service also enables carers to have a break.
- 4.3 A previous review of dementia day services, undertaken during 2013, recommended that the existing day services should be remodelled into a 'one-stop shop'. Under these proposals service eligibility criteria would be widened to include people with more complex needs.
- 4.4 It was originally envisaged that the award of these contracts would have come into effect in late 2013. However the procurement process, which would have also included two services for people living with dementia in the Royal Borough of Kensington and Chelsea, was delayed due to a range of on-going technical and property related issues. These included:
- *Available floor space* – Prior to agreeing service levels confirmation was needed about floor space available to the day service, this was dependent on internal discussions within the West London Mental Health Trust.

- *Location of and type of equipment to manage people who may have additional needs* - As it is expected that the service will be able to meet the needs of people at all stages of a dementia illness, provision was considered for hoists to support personal care within the day care setting. This required research and discussion with the service provider (building and suppliers) in order to confirm the possibility.
- *Transport* – Alzheimer’s Society currently provides transport to users of the day service using their own buses, and charges users directly to cover running costs. Under any new contract it is unlikely that a new provider will have their own transport, and costs would need to be found from the existing budget.

4.5 Alzheimer’s Society has worked closely with commissioners to develop the service further and accept referrals of a range of increasingly complex people. At their request a local dementia steering group was established in February 2015. The remit of this bi-monthly group is to improve partnership working, share best practice and identify gaps in service provision across all local dementia services. Membership consists of providers and representatives from Commissioning, Health, Public Health and operational teams.

4.6 Officers are now looking to widen the scope of the tender exercise to also include neighbouring boroughs where there may be opportunities to joint procure. The scoping exercise will look at whether there are any synergies for wider development of care pathways, sharing of good practice, expertise and possibly resources. It is possible that greater efficiencies will be achieved through economies of scale e.g. reduced back office and management costs.

5. PROPOSALS AND ISSUES

5.1 The proposal is to directly award two contracts to the incumbent service providers to ensure contract compliancy and continuity of service whilst a strategic review of dementia day service provision is undertaken. The award of these contracts will also ensure stability during the implementation of the Care Act from 1 April 2015, enabling officers to review the impact on these and other preventative services. When the longer term impact of the Act is evident the Council can consult with the wider market. It is anticipated the new contracts will be in place by 1 December 2016.

5.2 Proposed strategic review and procurement timetable for dementia day service provision.

Task	Target Completion
Undertake strategic review	June 2015 – January 2016
Commissioning and procurement strategy recommendations approved/authority to tender	February 2016
Prepare tender	March 2016
Issue tender	April 2016

Receive final submissions (tender closes)	May 2016
Evaluate tenders	June 2016
Contract award approved	July 2016
Implementation Period including 30 day TUPE consultation period	September 2016 – November 2016
Contract(s) start Date	1 December 2016

Please note that the bi-monthly H&F Dementia Steering Group will continue to convene during this period.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1 **OPTION ONE:** Directly award contracts to the Alzheimer’s Society and Housing and Care 21 contracts until 30 November 2016. This is the recommended option as it will enable a strategic review of day services for people with dementia and proposed retender of day services for people with dementia. It will also ensure that the Council becomes contract compliant and allow for service delivery.
- 6.2 **OPTION TWO:** Do not award the contracts. This would create a gap in service provision and would be destabilising for the vulnerable adults accessing these specialist services, and their carers. Alternative service provision would need to be found. In addition, without these services in place the Council would be unable to comply with its obligations to provide preventative services as set out in the Care Act 2014.

7. CONSULTATION

- 7.1 The current service providers have been consulted and have been advised of the proposed continuation of service. They are also key stakeholders on the H&F dementia steering group, which will be updated and consulted regularly during the contract period.

8. EQUALITY IMPLICATIONS

- 8.1 The proposal to directly award contracts for day services for people with dementia will on the whole have a positive impact. It is not anticipated that the services received by people with dementia and their carers will vary significantly from what is currently offered by awarding these contracts. Eligibility for access to these services is not affected under this process; rather, it is hoped that by working collaboratively with the providers and focusing on outcomes, residents will receive better quality of service provision. Please refer to section 4.6 above.

9. LEGAL IMPLICATIONS

- 9.1 The dementia related services described in this report are classified as Social and Other Specific Services under the Public Contracts Regulations 2015 (the Regulations) and are below the threshold of Euros 750,000 thereunder for such services. This means that the Council is fulfilling its requirements under the Public Contracts Regulations 2015 and is permitted to undertake appropriate procedure to arrange delivery of such services.
- 9.2 The report mentions that the Council has statutory obligations to continue to deliver such dementia related services under the Care Act 2014 while service requirements are assessed to undertake competitive bidding. Accordingly, it is justifiable to seek a waiver of the Contract Standing Orders to extend the current contracts as proposed.
- 8.3 Legal implications verified by Babul Mukherjee, Solicitor (Contracts)

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1 Budgetary allocation figures relating to these contracts are set out in tables below.
- 10.2 The proposal to award two direct contracts for the provision of Dementia Day services to the Alzheimer's Society and Housing and Care 21 will cost £305,857 and £140,000 respectively per annum with effect from 1 June 2015 and £458,785 and £210,000 respectively over the lifetime of the new contract to the 30 November 2016.
- 10.3 These costs can be met from the existing Community Commissioning general fund budget. Although negotiations are underway to achieve savings or efficiencies, there are no medium term financial strategy monetary savings proposals associated with this proposal.
- 10.4 Financial implications verified by Cheryl Anglin Thompson – cheryl.anglin-thompson@lbhf.gov.uk - 0208 753 4022

Table 1 – Alzheimer’s Society

	2015/16 (12 months)		2016/17 (6 months)		Current Contract End Date	Proposed Contract Award Date To
	Confirmed budget £	Costs of proposal £	Confirmed budget £	Costs of proposal £		
<i>Revenue Implications</i>						
Current Budgets						
Council Revenue budget*	316,900		158,450		2009	30/11/16
SUB TOTAL REVENUE BUDGET	316,900		158,450			
Costs of Service		305,857		152,793		
TOTAL REVENUE COST	316,900	305,857	158,450	152,793		
CUMULATIVE SAVINGS		13,743		6,871		

Table 2 – Housing and Care 21

	2015/16 (12 months)		2016/17 (6 months)		Current Contract End Date	Proposed Contract Award Date To
	Confirmed budget £	Costs of proposal £	Confirmed budget £	Costs of proposal £		
<i>Revenue Implications</i>						
Current Budgets						
Council Revenue budget*	140,000		70,000		31/12/13	30/11/16
SUB TOTAL REVENUE BUDGET	140,000		70,000			
Costs of Service		140,000		70,000		
TOTAL REVENUE COST	140,000	140,000	70,000	70,000		
CUMULATIVE SAVINGS		TBC		TBC		

11. RISK MANAGEMENT

- 11.1 This report recommends the direct award of two contracts as set out in section 2 for 18 months from 1 June 2015 to 30 November 2016.
- 11.2 If the contracts are not directly awarded there will be a no provision of preventative day services for people with dementia and risk number 8, compliance with laws and regulations as noted on the three boroughs corporate risk register, putting resident's health and wellbeing at risk. The likelihood of the Council meeting a range of local authority and health authority strategic objectives (see section 3 of this report) would also be significantly reduced.
- 11.2 Risk of challenge to the extension, relating to risk number 4 market testing on the three boroughs corporate risk register has been considered and endorsed by legal services.
- 11.4 Negotiations to achieve continued value for money, efficiencies and improved quality from the incumbent providers during the proposed contract period have been carried out and contribute positively to management of corporate risk number 1, budget risk, as set out at 3.3 and 3.4. The risk of directly awarding contracts for service that may not meet the needs of residents, or strategic objectives of the local authority and health authority over the next 18 months has therefore been mitigated in accordance with maintaining service continuity, risk number 6 on the risk register. Procurement risk management remains the responsibility of the procuring department who manage risk within a departmentally agreed framework.
- 11.5 Implications verified/completed by : Michael Sloniowski,
Michael.Sloniowski@lbhf.gov.uk, 020 8753 2587

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 12.1 Ensuring that services are governed by appropriate contractual arrangements is critical to reducing compliance risk. As such the recommendation to award contracts to the two incumbent service providers is preferential to the current arrangements.
- 12.2 It is felt that the recommended contract terms of 18 months will allow officers a suitable and sufficient length of time to undertake a strategic review of services and a competitive tender process.
- 12.3 H&F Contract Standing Orders (CSO) 12.3 states that an invitation to tender should be made, and a minimum of five tenders sought, for contracts with a value of £173,934 or greater. The proposals contained in this report are for direct awards of £458,785 and £210,000 and therefore a waiver for the Contract Standing Orders is required.

- 12.4 CSO 3.1 states that a prior written waiver to the Contract Standing Orders for contracts with an estimated value of £100,000 or more may be agreed by the appropriate Cabinet Member and the Leader of the Council if they are satisfied that a waiver is justified.
- 10.5 CSO 3.2 states that all waivers with an estimated value of £20,000 and more, and the reasons for them, must be detailed in a report to the Cabinet or the appropriate Cabinet Member. In accordance with the thresholds in CSO12.3 this report for the award of contracts with a value of £100,000 will be presented to Cabinet for approval.
- 10.6 Procurement implications verified by Charles Stephens, ASC Procurement Manager, 07739 316840, charles.stephens@lbhf.gov.uk

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	<i>Description of Background Papers</i>	Name/Ext of holder of file/copy	Department/ Location
	None		

Director name: Liz Bruce
Director title: Executive Director of Adult Social Care

Contact officer(s):

Steven Falvey, Adult Social Care Senior Commissioner (Community)

Tel 020 8753 5032 email: steven.falvey@lbhf.gov.uk

Janet Dawson, Procurement and Contracts Officer -Adult Social Care,

Tel 020 7361 3223 email : janet.dawson@rbkc.gov.uk

List of Appendices:

Appendix 1 - Proposed Relocation Feasibility Study (contained in the exempt report on the exempt Cabinet agenda).