


<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>5 DECEMBER 2016</p>		
<p>EXTRA CARE HOUSING PROCUREMENT STRATEGY</p>		
<p>Report of the Cabinet Member for Adult Social Care and Health: Councillor Vivienne Lukey</p>		
<p>Open Report</p> <p>A separate report on the exempt part of the agenda provides exempt information in connection with this report</p>		
<p>Classification - For Decision</p> <p>Key Decision: YES</p>		
<p>Wards Affected: All</p>		
<p>Accountable Director: Liz Bruce - Executive Director of Adult Social Care</p>		
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1. EXECUTIVE SUMMARY

- 1.1 This report seeks approval for the procurement strategy relating to several Extra Care Housing services in LB Hammersmith & Fulham; the aim of the strategy is to improve service quality, personal outcomes, choice and control, value for money and ensure compliance with the Care Act 2014.
- 1.2 Extra Care Housing (ECH) provides accommodation and 24-hour care and support to predominantly older people and enables the Council to meet several strategic priorities including delivering decent homes, supporting vulnerable residents, and creating safer and healthier places. Two existing ECH services expire in 2018; in addition, the Council is required to award a care and support contract by December 2017 for a new ECH scheme on the M&S White City Site at 54 Wood Lane, W12 7RQ (White City ECH scheme).
- 1.3 It is recommended the Council establishes a Dynamic Purchasing System (DPS) to enable contracts to be called-off through mini-competitions when required. The DPS will be available to other boroughs to utilise. It is proposed that a new Core

and Flexible hours' service model is developed for future ECH service contracts to meet council and Adult Social Care strategic objectives.

- 1.4 This report also seeks approval for officers to use the DPS to call-off a contract for the future provision of services at the new White City ECH scheme and to delegate the award of the contract to the Cabinet Member for Health and Adult Social Care.

2. RECOMMENDATIONS

- 2.1 That the Extra Care Housing Procurement Strategy attached as Appendix A to the exempt report, be approved.
- 2.2 That the development of a Dynamic Purchasing System which the Council can use to call-off care and support Extra Care Housing service contracts during an initial ten-year Dynamic Purchasing System period, with an option to extend for a further five years, be approved.
- 2.3 That approval be given for the delegation of the authority to officers to appoint the tenderers on to the Dynamic Purchasing System that pass the required selection criteria outlined in section 10 of Appendix A of the report.
- 2.4 That the utilisation of the Dynamic Purchasing System to undertake a mini-competition for the care and support contract for the new Extra Care Housing scheme at White City, be approved.

3. REASONS FOR DECISION

- 3.1 ECH services play a vital role in supporting vulnerable people to maintain their independence, remain in the borough and reduce the need for emergency health and social care services.
- 3.2 The contracts for several existing ECH services expire over the next few years. Rather than undertake separate full scale procurements for individual service contracts, it is proposed to establish a DPS to enable the Council to call-off contracts as and when required in a more streamlined manner.
- 3.3 Using a DPS to procure the new ECH scheme at White City will enable the Council both to award the contract by December 2017, as required by the White City S.106 Agreement and have the facility to make any required amendments to the contract prior to the planned service commencement date.
- 3.4 Delegation of authority to appoint tenderers to the DPS is needed as the Public Contract Regulations 2015 stipulate that a DPS must remain open for new applicants at all times and new tenders must be evaluated in a short timescale. As such a timely process for appointing tenderers to the DPS is required. The CSOs allow for this process.

4. PROPOSALS AND ISSUES

Background

- 4.1 ECH is housing designed to meet the needs of predominantly older people who require 24-hour care and support because of their physical, learning, mental ill-health or disability. People who live in ECH have their own self-contained home, their own front door, and a legal right to occupy the property.
- 4.2 ECH enables the Council to meet several council and departmental strategic priorities. The social benefits of ECH are well-documented and include:
- Better quality of life;
 - Access to leisure & social activities to reduce social isolation and improve well-being;
 - Well-designed environment can be a home for life and enables older people to remain in their own home even as they require increasing care and support.
- 4.3 Currently, there are four ECH schemes in LB Hammersmith & Fulham (LBH&F) as detailed in Table 1; two existing contracts expire in 2018 and a care and support contract must be procured by December 2017 for a new ECH scheme as set out in paragraph 4.16 below.

Table 1

Scheme name	Care & Support Provider	No. people/ units	Unit Type	Location	Contract End Date
Elgin Close	Notting Hill Housing Group	39 people in 36 units	33 x 1 bed 3 x 2 bed	Shepherds Bush	30.6.27
Elm Grove	Notting Hill Housing Group	14 people/ units	14 x Bedsits	Hammersmith	31.5.18
Mary Seacole House	Hanover & Care UK	34 people in 32 units	32 x 1 beds	Ravenscourt Park	21.1.31
Olive House	Housing 21	38 people in 36 units	34 x 1 beds, 2 x bed	Sands End	1.12.18

- 4.4 Officers propose rather than undertaking separate full-scale procurements for individual contracts, a procurement solution is sought to enable the Council to call-off contracts when they require. It is proposed the Council establishes an electronic Dynamic Purchasing System (DPS) for the provision of ECH services in LB Hammersmith & Fulham and other boroughs. The DPS is a two-stage process; in the initial set-up stage, all suppliers who request to join and meet the selection criteria must be admitted onto the DPS. A universal specification outlining the Council's requirements will be provided.

- 4.5 Once set up the DPS will enable the Council to undertake a mini-competition for individual service contracts as and when required; at this second stage, suppliers will be required to demonstrate how they will meet the service requirements set out in a supplementary specification.

Future Demand

- 4.6 Currently, LBH&F has approximately 6.3 ECH beds per 1000 resident population over 65 years. This is almost twice the rate of provision in RBK&C (3.6) and Westminster City Council (3.5) and more than 3 times the rate in Ealing (1.9). This reflects policy decisions taken 10-15 years ago to move away from residential care homes to providing ECH for older people, where appropriate.
- 4.7 Nevertheless, in 2014 a detailed needs assessment for future ECH provision indicated demand for ECH could increase by at least 10% by 2019; 25% by 2024 and 42% by 2029. Within this increase there is likely to be an increasing average age; increasing in number and complexity of co-morbidities and a longer period spent in poor health. It is estimated the number of people with dementia is expected to rise by 30% by 2024 and by 50% by 2029.
- 4.8 Not only will there be a greater demand for ECH places but future services will need to be capable of caring for people with more complex needs including co-morbidity and dementia while ensuring we preserve the important distinction between ECH and residential settings.
- 4.9 A recent audit of the 33 placements into residential & nursing care found that potentially 7 (24%) placements could possibly have been avoided if ECH had been available.

Developing a New Service Model

- 4.10 While existing services are delivering satisfactory outcomes and quality, all services have block contract arrangements; this type of contract does not support the choice and control agenda as required by the Care Act 2014 nor does it offer the flexibility required to be responsive, transparent, and person-centred.
- 4.11 Officers consider there is further scope for ECH to meet Adult Social Care strategic priorities through new service delivery models. Following a review of available literature¹ and existing H&F services; market engagement and a detailed survey of existing residents' and their families' views, officers are proposing we introduce a Core and Flexible Hours' model into future ECH services. We consider this model will improve service outcomes; increase customers' choice and control over how they meet their identified needs; ensure greater transparency of the breakdown of ECH costs and which services residents are receiving and deliver better value for money for the Council.

Service Specification

- 4.12 A universal specification will set out the Council's expectations for ECH services; the universal specification will be supplemented with the requirements of each

¹ Housing Lin Approached to Procurement & Delivery of Care & Support in Housing with Care. April 2015

individual ECH scheme as they are procured from the DPS. The specification is under-pinned by what customers have told us they want from ECH services as well as the underlying principles a local authority must have regard to in its care and support system as set out in the Care Act 2014 including: promoting well-being; preventing or delaying the development of needs for social care services and placing the customer at the centre of service.

- 4.13 In future we want ECH services to be more outward facing; involved in the local community and making better use of individual and community assets. This will support increased social and community benefits and facilitate partnerships between local organisations in the delivery of care and support services.

White City

- 4.14 There is an exciting opportunity to develop new ECH services to meet future demand in the borough; an outline planning application has been approved for 80 units of ECH (65 for affordable rent and 15 units for shared ownership). The ECH facility is currently scheduled to be completed by April 2021, but the Section 106 relating to the redevelopment of the M&S White City Site stipulates the care and support contract is to be awarded by December 2017.
- 4.15 The ECH facility will be an L shaped building between 12 and 20 storeys high with an enclosed communal garden accessible to only ECH occupants. The building will also include commercial use on the ground floor and other general purpose residential units. The building will be on the North West of the site, adjacent to one of the two public green spaces and sited near to the White City underground station and Westfield Shopping Centre.
- 4.16 The final design has not been agreed but is likely to include the following facilities: communal lounge(s); dining room; catering kitchen; guest room; hairdressing & therapy suite; communal laundry; wheelchair/buggy store; each flat to have balcony access and access to private external space and dedicated parking spaces.
- 4.17 It is proposed the Council sets up the DPS and then calls-off a Core and Flexible Hours service contract for the new ECH facility. Due to the time lag between contract award and service delivery it will be necessary to build in a review clause to ensure the provider appointed in December 2017 still represents good value for money and can meet the quality requirements when the contract is due to start.
- 4.18 The Council will need to ensure appropriate measures are in place to select another provider at short notice should it be determined that the provider originally selected no longer represents the Most Economically Advantageous Tender. The DPS could be used for this purpose.

Potential Cost of White City ECH Contract

- 4.19 As set out on the exempt part of the agenda.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1 There are several procurement and contract options available to the Council for the provision of future ECH contracts to meet our strategic objectives.

Procurement Options

- A. Undertake separate procurements for existing services as they expire or for new services when they are required.
 - B. Establish a multi-provider Framework for the provision of ECH services to enable the Council to call-off contracts as required.
 - C. Establish a multi-provider DPS for the provision of ECH services to enable the Council to call-off contracts as required.
- 5.2 Procurement Option C is considered the best option to enable the Council to achieve its strategic objectives for ECH services. The advantages and disadvantages of each option is set out in the exempt part of the agenda.
- 5.3 If approved, the DPS is simply the tool through which we will procure new contracts; it is still necessary to define the type of service model. There are several service model options available to the Council.

Service Model Options

- A) Allow existing contracts to expire and move to Direct Payments for all customers. In this model the Council would not be the commissioner.
 - B) Re-procure block contracts for existing and new ECH services.
 - C) Develop a Core and Flexible Hours' service contract model for future ECH services.
- 5.4 Service Model Option C is considered the best option to enable the Council to achieve its strategic objectives for ECH services. A full description of the advantages and disadvantages are set out in the exempt part of the agenda.

6. CONSULTATION

- 6.1 In 2016, officers undertook an extensive customer survey with existing ECH residents. Customers' views were at the forefront of the development of the service specification. Market engagement has been undertaken and potential tenderers have responded positively to the recommendations in this report. Further consultation with residents and suppliers will be undertaken as part of the procurement of individual ECH schemes.

7. EQUALITY IMPLICATIONS

- 7.1 We do not consider there will be any adverse equality implications for protected groups because of the proposals in this report. Overall the impact on older people is adjudged as neutral or positive as service improvements will be secured and more personalised services delivered.

8. LEGAL IMPLICATIONS

- 8.1 The Public Contracts Regulations 2015 (the Regulations) makes provision for the proposed recommendation to approve the Extra Care Housing Procurement Strategy by setting up a Dynamic Purchasing System (DPS). The DPS must be

operated as a completely electronic process and open throughout the period of validity. Any supplier who wish to be on the DPS that satisfy the Council's selection criteria shall be admitted to it.

Once set up the Council and or any other participating authority identified in the Official Journal of European Union may procure services under the DPS via the relevant categories from suppliers by following the rules of the restricted procedure, but subject to, provisions under Regulation 34 of the Regulations.

In addition, the recommendation to approve delegation of authority to award any proposed contract procured under the DPS to the Cabinet Member for Health & Social Care is permitted in accordance with the CSOs as noted in this report.

8.2 Legal implications completed by Sharon Cudjoe, Solicitor - 020 7361 2993

9. **FINANCIAL AND RESOURCES IMPLICATIONS**

9.1 As set out on the exempt part of the agenda.

10. **IMPLICATIONS FOR BUSINESS**

10.1 ECH enables the Council to direct substantial funds into the local care and support market, rather than diverting this money to other parts of the country in residential care settings. The recommendations to continue, improve and increase ECH provision as set out in the procurement strategy, will therefore have a positive impact on local businesses. This is true of both local businesses operating in the care market, social housing market, and general retail.

10.2 The introduction of a DPS and the Core and Flexi model across ECH schemes will support SMEs and local businesses. This is because current large block contracts tend to be delivered by large organisations; this will be replaced by more personalised contractual arrangements that offer additional opportunities to smaller organisations. This will have a positive impact to both the local domiciliary care market and the local voluntary sector which plays a pivotal role in supporting residents to tackle isolation and support community independence.

10.3 The wider M&S White City development will have a substantial impact for local business. The development will see over a 1,000 new homes being built and will revitalise the local area. The White City ECH scheme will ensure local vulnerable residents, and the local businesses that are designed to support them, benefit from this too.

11. **RISK MANAGEMENT**

11.1 In the current financial context, with the cuts imposed on public services by national government, it is important that the Council makes the best use of the resources available and continues to deliver high quality services to its residents. The strategy will help to do this by ensuring:

- a consistent approach to commissioning that focuses on meeting local need;
- all commissioning activity is well planned and co-ordinated;
- Members are clearly informed in advance about what outcomes that the service is aiming to deliver;

- the service can measure if these outcomes have been delivered and hold providers to account;
- local providers have equal opportunity to participate in the commissioning process and through the Dynamic Purchasing System can join at any time;
- resilience is factored in by having rapid access to the market and alternate providers should they ever be required.

Meeting local needs, including anticipating future need, should form the basis of all commissioning decisions to ensure a strategic and long-term approach. Customers, service users and suppliers should be a part of this discussion. Understanding current levels of service provision, spend and patterns of demand and use over time is also vital to making a decision over what service should be delivered in the future.

The strategy, together with a range of options available for consideration by Members, contributes positively to the management of procurement risk. It provides transparency to Members of the options available and better outcomes for local people.

Managing corporate and service spending efficiently through a structured approach to commissioning and procurement offers potential to improve financial performance through: competition between all parties; accountability in the spending of public money; transparency in the decision making process; and value for money.

- 11.2 Risk Management implications verified by Michael Sloniowski, Risk Manager, telephone 020 8753 2587.

12. PROCUREMENT IMPLICATIONS

- 12.1 The Interim Head of Procurement supports the adoption of the procurement strategy described in this report and its appendix. The key outcomes and benefits the procurement is aiming to achieve are clearly laid out, with stakeholder consultation with service users, their carers, and families, and potential providers equally clearly informing the best strategic route to deliver these. The creation and running of a Dynamic Purchasing System (DPS) described in this report will:

- provide packages of care more closely tailored to individual personal need;
- provide better value for money for future extra care housing, taking in to account quality and cost, and avoid costlier interventions elsewhere;
- allow new providers to bid as and when they pass qualifying criteria;
- better enable local SME and 3rd sector providers to become part of the Council's supply chain for flexible support as and when they qualify for inclusion on the DPS.

- 12.2 Procurement comments provided by John Francis, Interim Head of Procurement (job-share) 020-8753-2582.

13. SOCIAL VALUE

13.1 Social Value is intrinsic to the delivery of effective ECH services as they seek to reduce social isolation; maximise individual and community assets and promote choice and control. Should the recommendations in this report be approved, the ECH schemes will also provide the following social and economic benefits. Social value and community benefits will be built into the contract award criteria.

- Employment of local housing and social care staff;
- Enhanced opportunities for partnerships between the Core provider and local voluntary and community organisations to provide social inclusion and leisure opportunities;
- Increased opportunities for local SMEs to provide elements of the Flexible support.
- Greater potential for residents to remain in the borough while still increasing scope for social housing to be made available through residents moving into the schemes.
- Opportunities for local catering companies or social enterprises to provide healthy meals thereby improving local employment & business opportunities.

14. PRIVACY IMPACT ASSESSMENT

14.1 An initial Privacy Impact Assessment (PIA) has been undertaken. There will be a full PIA undertaken prior to the procurement as there may be new providers who have to hold or share information about individuals.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT

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

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