

Commissioning and Procurement Executive Committee – 10 September 2024

Subject:	Re-commissioning of Extra Care services in Nottingham City		
Corporate Director: Director:	Roz Howie – Adult Social Care and Health (Interim) Karla Banfield – Commissioning and Partnerships (Interim Deputy)		
Executive Member:	Cllr Pavlos Kotsonis - Adult Social Care and Health		
Report author and contact details:	Anna Coltman, Commissioning Lead Officer anna.coltman@nottinghamcity.gov.uk		
Other colleagues who have provided input:	Paul Deeney - Finance Del Sander - Legal Jo Pettifor - Procurement Claire Labdon-West – Commissioning and Partnerships		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Total value of the decision: £25,000,000			
Section 151 Officer expenditure approval			
Has the spend been approved by the Section 151 Officer? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/a			
Spend Control Board approval reference number:			
Commissioner Consideration			
Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Any comments the Commissioners wish to provide are listed in section 6 below.			
Wards affected: All			
Date of consultation with Executive Member: 31 July 2024			
Relevant Council Plan Key Outcome:			
Green, Clean and Connected Communities	<input type="checkbox"/>		
Keeping Nottingham Working	<input type="checkbox"/>		
Carbon Neutral by 2028	<input type="checkbox"/>		
Safer Nottingham	<input type="checkbox"/>		
Child-Friendly Nottingham	<input type="checkbox"/>		
Living Well in our Communities	<input checked="" type="checkbox"/>		
Keeping Nottingham Moving	<input type="checkbox"/>		
Improve the City Centre	<input type="checkbox"/>		
Better Housing	<input type="checkbox"/>		
Serving People Well	<input checked="" type="checkbox"/>		
Summary of issues (including benefits to citizens/service users):			
The purpose of this report is to seek approval for the re-commissioning of Extra Care services within Nottingham City. The new services will commence from May 2025. A framework agreement will be established and the call off contracts will be for up to 9-year terms.			
Nottingham City Council is proposing to award contracts through a call off process from the proposed framework for care providers to deliver Extra Care services at 5 existing schemes within the City. The framework will also allow for appointment of service providers for any future new schemes, should a need for additional capacity be identified, to meet the needs of older adults with an eligible social care need and who meet the eligibility requirements for Extra Care.			

This proposal will be funded through the existing Adult Social Care budget, using delegated authority approval for funding individually commissioned care packages at an agreed hourly rate which has been benchmarked against regional comparators. New elements of the Extra Care model will be funded through block funding arrangements through the existing Adult Social Care budget.

The tender is expected to go out to market in Quarter 3 of 2024/25.

Exempt information: None.

Recommendations:

- 1** To establish a framework of up to 10 providers for Extra Care services, for a duration of 4 years, and to undertake call off competitions under the framework to contract for individual scheme providers, for a maximum of 9 years.
- 2** To approve the Nottingham City Council budget expenditure on call off contracts of £2,777,777.77 per year, with an overall projected spend for the entire contract term under all call off contracts of £25,000,000.
- 3** To delegate authority to the Interim Director of Adult Social Care and Health to approve the outcome of the procurement process for the framework and to call off and award contracts.
- 4** To Delegate Authority to the Head of Personalisation, Quality and Contracting to agree and sign the contract documentation relating to the services, save where sealing as a deed is necessary, which shall be sealed and signed by the Director for Legal and Governance / Head of Legal and Governance.

1. Reasons for recommendations

- 1.1 Extra Care services represent a pivotal step on a citizens' care journey because they support citizens to maintain their levels of independence and enable them to remain living in the community for longer. This results in better outcomes for citizens as they are able to maintain social contacts, interests and routines even as their care needs change.
- 1.2 Extra Care can provide flexible and responsive care and support to meet changing needs and delay the need for more intensive forms of care such as residential care. This supports the Better Lives Better Outcome (BLBO) programme to reduce the number of older citizens who are admitted to residential care.
- 1.3 The current contracting arrangements for the on-site care providers at five Extra Care services end in 2025 and there are no provisions for extending the contracts beyond their current end dates. Therefore, the services must be recommissioned. These are the existing services at Woodvale, Winwood Court, Larkhill, Albany House and Seagrave Court.
- 1.4 The estimated contract value is based on current commissioned packages of care, which have been agreed through separate Adult Social Care processes as well as the block contract values for night care and background hours which have been modelled against existing block contracts for night-care and the existing Extra Care hourly rate for the background hours.

- 1.5 Whilst the proposed contract awards are likely to increase the current annual spend on Extra Care by approximately £1,640,400.00, this will be offset by the avoidance of costs if citizens were to receive care and support under homecare and residential care contracts. Based on the average cost of an Extra Care package, compared to a residential placement, there is the potential to deliver a saving of £142,700.00 p.a. This has been modelled on a target utilisation of 192 citizens within Extra Care services.
- 1.6 A procurement process will be undertaken in compliance with the Public Contracts Regulations 2015 or Procurement Act 2023 as appropriate and NCC Contract Procedure Rules, to establish a framework of up to 10 providers, with individual services awarded through compliant call off competitions.
- 1.7 The framework will enable for new services to be secured in future if and when required for the existing schemes. Best value will be secured through competitive tender and call off procedures, with the background hours and night-care elements of the Extra Care provision being subject to price competition while hourly rates are set based on comprehensive benchmarking and value for money considerations.

2. **Background (including outcomes of consultation)**

- 2.1 A strategic commissioning review of Extra Care services took place during 2023/24. The outcome of this review is that a revised model of Extra Care has been developed in consultation with citizens living in Extra Care and providers delivering Extra Care.
- 2.2 The 65 years+ population in the City is set to increase significantly over the next 15 years, with the greatest growth expected in the 75-84 years age group. Without Extra Care provision for this cohort, residential care may become the only alternative. However, it's important to note that residential care does not offer best value to the Council and does not align with the aims of the BLBO strategy. Notably, NCC places a higher number of people in residential care compared to other regions.
- 2.3 Existing Extra Care providers have told us that the current model is not financially viable or sustainable for them because they are funding night-care outside of contractual arrangements and/or they are responding to emergencies and delivering unplanned care outside of commissioned care packages. If this situation continues, there is a significant risk that providers will be forced to leave the market. If this were to occur, it could lead to individuals being supported in more expensive social care settings.
- 2.4 Face-to-face consultation was carried out with citizens living in existing Extra Care schemes in Nottingham. Their feedback indicates that the following are important issues for them whilst living in Extra Care:
 - Continuity of care and support and good rapport with carers;
 - Getting out and about and overcoming barriers such as poor mobility;
 - Receiving support to tackle feelings of isolation and loneliness;
 - Maintaining independence and overcoming barriers such as health issues.

In response to this feedback, the Extra Care specification has been updated to include NICE guidelines relating to continuity of care in social care settings. A

significant element of the revised Extra Care model includes an expectation for care and housing providers to work in close partnership to support the overall wellbeing of citizens.

- 2.5 To ensure an efficient Extra Care service for Nottingham, engagement by way of a survey was designed, the survey provided valuable insight into the public's current awareness, knowledge and experiences of Extra Care in Nottingham. The responses received from the public will assist in developing a communications plan to raise the profile of Extra Care in Nottingham.
- 2.6 The revised Extra Care model introduces 3 new elements into service provision; night-care and background hours as standard across all Extra Care services, and an expectation for housing and care providers to focus on supporting the overall wellbeing of citizens living in Extra Care.
- 2.7 Currently only 3 of the 5 schemes receive funding for provision of night-care. This is a gap in provision and restricts the number of citizens that can be placed in Extra Care and restricts citizens choice of scheme. This lack of provision may also mean that citizens are not able to remain in the setting should they develop needs at night-time.
- 2.8 There is currently no provision of background hours during the day to support citizens in emergencies or to access activities and opportunities for social interaction. Background hours are a resource to support citizens in emergencies outside of commissioned care hours and to support their participation in social and communal activities, to help maintain their independence, resulting in less need for formal social care. The learning from Supported Living is that background support enables citizens with complex needs to live in the least restrictive setting which is also cost-effective for the Council.
- 2.9 The Care Act specifies the general legal duties that Local Authorities have towards every individual living in their local area. One of these general duties is to promote individual wellbeing, and should involve actively seeking improvements in the aspects of wellbeing when carrying out a care and support function. This is referred to as the 'wellbeing principle' because it puts wellbeing at the heart of care and support. There is an expectation that wellbeing activities will be offered which are co-created with citizens to complement standard support offered, tailored to their needs and interests. This will not be a commissioned service but will, in most cases, be led by the housing provider with support from the care provider (using the background hours resource) as well as with input from external community, voluntary, statutory, health and social care services.
- 2.10 The Council's fee rates for adult social care services have historically been reviewed annually and decisions based on an established methodology for calculating inflationary increases. An evidence base for pricing was originally developed based on the UK Homecare Association model for Care at Home type services and independent review of residential care pricing. These tools have been adjusted to account for factors including the current market position, cost of living indices and Office of National Statistics data.

Every year, these established tools have been used to undertake analysis of the potential impact of national living wage (NLW) requirements and other

pressures such as cost of living, pensions, profit, and voids. Alongside these financial pressures, there are other aspects which are considered:

- The current provider market including number of providers and quality of the market;
- Demand for social care provision arising from demographic pressures;
- Difficulty in attracting workers into the care sector due to competition from other sectors;
- Competition between Local Authorities and their ability to pay more to the market.

The fee rate modelling process has therefore been key to support social care providers to meet NLW and other cost pressures, and to manage the social care market, whilst balancing against the Council's other budget commitments and pressures. The hourly rate for Extra Care care services will be set through this mechanism.

- 2.11 Current contracts have various end dates and so a framework will be established to enable existing schemes to be re-commissioned through a call off at the appropriate time and will allow for new services to be secured in future if required.

3. Other options considered in making recommendations

- 3.1 Do nothing – allow Extra Care contracts to terminate when they reach their individual end dates throughout 2025, without completing a procurement exercise to secure new services. This is not recommended because the local authority has a statutory duty to provide care to all citizens in Extra Care with an eligible need. It also does not represent best value to the Council. The Council would have to put in place more costly alternative care provision for citizens which would not be based on-site and may not provide for 24/7 support. Significant costs would be incurred for the provision of night-care for citizens with this need.
- 3.2 Procure Extra Care services under the current model operating within Nottingham City. This option is not recommended. As part of the strategic commissioning review, consultation that was carried out with citizens living in Extra Care and providers delivering Extra Care indicates that the current model is not fit for purpose and a new model is needed. This is also reflected in the utilisation of Extra Care in Nottingham which is currently at 44% of target utilisation. This is in part due to the lack of a standard offer in areas such as night-care, which restricts the number of citizens who can access Extra Care to meet their needs.

4. Consideration of Risk

- 4.1 Failure to re-commission Extra Care services as the current contracts end during 2025, is a financial risk to Nottingham City Council as alternative care arrangements will have to be put in place for over 80 citizens. These care arrangements, such as domiciliary care, will be more costly than funding an on-site Extra Care service and will not provide for night-care which will need to be funded separately for citizens with night care needs.
- 4.2 If Nottingham City Council continues with the current model of Extra Care without night-care and background hours to provide for flexible emergency

support, providers may leave the market due to financial unsustainability and operating losses under current contracts.

- 4.3 If utilisation of Extra Care does not increase, then there is a risk that Nottingham City Council does not realise the maximum best value that can be secured from putting in place block arrangements for night care and background hours. If utilisation of Extra Care increases, then best value is secured by a reduction in the per citizen cost of the night care and background hours. A new ASC Approval Panel was introduced in July 2024. This Panel will ensure that Extra Care is actively considered by practitioners in all cases where a care and support plan is developed. An allocations process will run alongside this which will bring together social care and Extra Care providers to discuss referrals and ensure that there is a robust response to positive risk taking.
- 4.4 There is a risk that the current Extra Care workforce is not currently skilled to deliver the Extra Care service under the revised model. This will be tested through the quality questions utilised in both the establishment of the Framework and in the call offs for individual services.

5. **Best Value Considerations**

5.1 Best value is being addressed through the following planned actions:

- Strengthening the Extra Care model so that more citizens can access the service to meet their needs and are not required to seek alternative, more intensive and expensive forms of care.
- By putting in place a more flexible and adaptable model of Extra Care, we are aiming to future-proof our services so that they respond to changes in demographic need and the requirements of an ageing population.
- Establishing a framework of suitable providers so that schemes can be retendered at the appropriate time as current contracts end. This will limit duplication of work in our internal Contracts and Procurement Teams.
- Introducing price competition for the night care and background hours elements of the service with a cap on the value that potential Providers can submit within the tender process. The competitive process of tendering for the framework and call offs will enable the selection of providers offering the best value based on quality of delivery and price. This mitigates the risk of an increase in cost associated with the revised model.
- The Council's fee rates for Adult Social Care, including Extra Care are reviewed annually and are set using established methodology which includes consideration of National Living Wage requirements and other pressures to ensure the rate offered balances market and Council budgetary pressures.

6. **Commissioner comments**

6.1 Commissioners have noted the content of the reports and have no further comments

7. **Finance colleague comments (including implications and value for money/VAT)**

- 7.1 This report proposed to recommission the Extra Care service based on a revised model which introduces 3 new elements into service provision; night-care and background hours as standard across all Extra Care services, and an expectation for housing and care providers to focus on supporting the overall wellbeing of citizens living in Extra Care.
- 7.2 The revised model entails an increase in fixed costs of the service through implementation of block care provision but also provides opportunities for the service to expand usage of the service from the current 83 clients up to a maximum of 244, the total capacity of the provision.
- 7.3 Modelling of 4 scenarios of uptake indicates that there are potential savings of up to (£0.582m) p/a if the target occupancy of 192 citizens is achieved. A break-even point of 144 citizens suggests that if occupancy is below this level then the revised service would be more expensive than the current provision.

	1) current position		2) current Extra Care activity, new costs		3) target Extra Care activity, new costs		4) break-even Extra Care activity, new costs	
	no. of clients #	cost p/a £m	no. of clients #	cost p/a £m	no. of clients #	cost p/a £m	no. of clients #	cost p/a £m
Extra Care	83	1.318	83	2.033	192	3.510	144	2.861
Alternative provision								
Home Care	81	1.188	81	1.188	26	0.381	50	0.733
Residential	80	2.914	80	2.914	26	0.947	50	1.822
	244	5.420	244	6.135	244	4.838	244	5.416
cost / (saving)				0.715		(0.582)		(0.005)

- 7.4 The break-even occupancy of 144 citizens requires an increase on current occupancy of 61 citizens. These citizens will not enter the provision at the same and assuming that these would enter over a full year gives an average of 5 new clients per month. The table below highlights that breakeven would not be achieved in that year and there would be an additional cost of up to £0.363m in that year. Break-even would only be achieved as the full year effects are delivered

	extra care		homecare		residential		Total cost in period £m
	new citizens #	cost in period £m	activity #	cost in period £m	activity #	cost in period £m	
Apr-24	6	0.175	78	0.095	77	0.231	0.501
May-24	5	0.185	75	0.094	75	0.232	0.511
Jun-24	5	0.187	73	0.089	72	0.216	0.492
Jul-24	5	0.197	70	0.088	70	0.217	0.502
Aug-24	5	0.203	68	0.086	67	0.207	0.496
Sep-24	5	0.205	65	0.079	65	0.195	0.479
Oct-24	5	0.216	63	0.079	62	0.192	0.487
Nov-24	5	0.217	60	0.073	60	0.180	0.470
Dec-24	5	0.228	58	0.073	57	0.176	0.478
Jan-25	5	0.234	55	0.069	55	0.170	0.474
Feb-25	5	0.224	53	0.060	52	0.145	0.429
Mar-25	5	0.247	50	0.063	50	0.155	0.464
	61	2.519		0.949		2.315	5.783

Cost of current provision 5.420
Additional cost 0.363

- 7.5 Re-commissioning of the Extra Care service affords Adult Social Care an opportunity to meet the needs of citizens in a better and more cost effective way. However, it should be noted that for those VFM aims to be met, the service will need to ensure that there are sufficient number of citizens using the service and that there are realistic expectations around timescales for citizens to enter the service.

Paul Deeney, Interim Senior Commercial Business Partner - 12 August 2024

8. **Legal colleague comments**

- 8.1 There are no specific legal implications arising from this decision at this stage. It is noted that the services are to be contracted through a compliant procurement process. Legal will continue to offer legal support and assist with the development of the contract documentation and schedules as required.

Deljinder Singh Sander, Locum Solicitor - 13 August 2024

9. **Other relevant comments**

9.1 **Procurement colleague comments**

These proposals relate to the commissioning of Extra Care on site provision, through the establishment of a framework of suitable providers and subsequent call off competitions to contract for service providers for individual schemes. The procurement process will be undertaken in accordance with the UK Public Contracts Regulations 2015 or the Procurement Act 2023 as applicable and the Council's Contract Procedure Rules to ensure compliance and best value. The framework will enable service provision at the existing schemes to be re-tendered at the appropriate time and will allow for service providers to be secured for new schemes in future if required.

Best value will be secured through competitive tender and call off procedures, with providers selected based on quality and price. The background hours and night-care elements of the Extra Care provision will be subject to price competition while hourly rates of care to individuals are set based on comprehensive benchmarking and value for money considerations. Indicative cost avoidance figures are based on comparison with the costs of alternative, more costly forms of care provision such as homecare and residential care, with the intention being to increase utilisation of extra care to maximise these cost benefits. The Procurement Team will support with the procurement process to ensure compliance and best value.

Jo Pettifor, Category Manager - 14 August 2024

10. **Crime and Disorder Implications (If Applicable)**

- 10.1 Not applicable

11. **Social value considerations**

- 11.1 Engagement exercises will be undertaken to gather views from stakeholders, and the public (inc. current and potential service users) to support and inform the new service model and contracts.

11.2 This service will be procured with the requirement for providers to deliver additional social value. For example, recruiting local people, developing skills within the local communities and raising awareness of Extra Care with other professionals across the social care workforce.

12. Regard to the NHS Constitution (If Applicable)

12.1 Local Authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making decisions relating to public health, functions we consider the NHS Constitution where appropriate and take into account how it can be applied in order to commission services to improve health and wellbeing.

13. Equality Impact Assessment (EIA)

13.1 An EIA is in draft format and with the ED&I office for approval/publishing.

14. Data Protection Impact Assessment (DPIA)

14.1 The Data Protection Impact Assessment is in draft format. The final DPIA will be completed on the approved commissioning model, and due regard will be given to any implications identified within it.

15. Carbon Impact Assessment (CIA)

15.1 A CIA is not required because there are no carbon implications arising from this decision.

16. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

16.1 None

17. Published documents referred to in this report

17.1 [Health and Social Care Act 2012](#)