

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 11/05/2016

Subject:	Extra Care Charitable Trust		
Corporate Director(s)/ Director(s):	Alison Michalska, Corporate Director for Children and Adults		
Portfolio Holder(s):	Cllr Alex Norris, Portfolio Holder for Adults and Health		
Report author and contact details:	Claire Labdon-West 0115 8761128 claire.labdon-west@nottinghamcity.gov.uk		
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: X Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			X 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
Total value of the decision: Estimated spend of £7,153,483 (Note: This value is based on the number and profile of Citizens currently receiving a care service)			
Wards affected:	Date of consultation with Portfolio Holder(s): September 2015		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			X
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>The current contracting arrangements for Lark Hill Extra Care Village and Seagrave Court have now come to an end and new arrangements are required. The landlord and care provider for both schemes is the Extra Care Charitable Trust (ECCT)</p> <p>Residents of Extra Care Schemes are either tenants or owner occupiers. The aim of this service is to provide high quality housing, support, and care services which enable, support and encourage people to live independently for as long as they wish to and are able to in their own homes. Extra Care helps provide a viable and cost effective alternative to residential care. It also enables people to stay at home longer than they might be able to in the community due to the provision of onsite care that can be varied to take account of changes to circumstances and health either temporary or long term.</p> <p>The delivery model utilised by the ECCT is based on a single landlord and care and support provider model. As the landlord for both schemes, the ECCT are unwilling to allow a different care and support provider to deliver the scheme as their model will no longer be financially viable. The model allows the ECCT to achieve economies of scale and provide a 24 hour support presence as well as facilitate other social opportunities such as volunteering which increases the social value of the service.</p> <p>Tendering the scheme on the open market is therefore not the preferred option and a new contract needs to be negotiated directly with the Provider in order to protect the schemes as</p>			

housing and care options for Nottingham citizens. There is currently a good relationship between Nottingham City Council and the ECCT and a willingness to work together to deliver a good quality and responsive service.

Exempt information:

Two appendices to the report are exempt from publication under paragraph 3 and 5 of Schedule 12A to the Local Government Act 1972. The first is exempt because it contains information relating to the financial or business affairs of organisations involved in delivering services to the council and the second as it contains information assessing the risk of a legal challenge in relation to the decision being taken. Having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Recommendation(s):

- 1** To dispense with Contract Procedure Rule 5.1.2 in accordance with Financial Regulation (3.29) (Operational Issues) to allow for a direct award for the Extra Care Charitable Trust to continue to deliver the care services at Lark Hill and Seagrave Court.
- 2** To agree to a contract length of 3+2+2+2 for Lark Hill.
- 3** To agree to a contract length of 2+1+2+2+2 for Seagrave View to allow for a break after 2 years when it is anticipated that the landlord function for the property will be transferred back to its owner Midland Heart. At this point a decision will be taken about the contracts future. If the contract continues then this will align to the contract for Lark Hill.

1 REASONS FOR RECOMMENDATIONS

- 1.1 Nottingham City Council has a long relationship with the ECCT. Lark Hill Village was built at the agreement of the Council under the understanding that the ECCT would operate the same care model on site as was in operation at Seagrave. There have never been any concerns over the care and support delivered at each scheme and the Council has maintained a good working relationship with the ECCT for over 15 years
- 1.2 There are currently 72 citizens receiving services in these two schemes under the current contracts with the ECCT. If these contracts are not renewed, alternative care provision will need to be made for these citizens. The ECCT is not willing to allow an alternative care provider to deliver onsite as this would destabilise their operational model. As the service users are residents of the schemes, failure to renew the contracts would lead to a complex situation which would include securing their agreement to move home or tenancies. This would be likely to be complicated and potentially distressing for vulnerable citizens, involving loss of social networks and carers with whom they have developed a relationship. Moving their residence may also impact negatively on care needs and is likely to be particularly detrimental where there is dementia.

Moving 72 Citizens with care needs to alternative accommodation would have a resource implication on Adult Social Care. Care packages would need to be reviewed and alternative accommodation options pursued which would be both time consuming and costly.

- 1.3 There are many citizens within these schemes who have high care needs and whose needs are currently being met through a personalised package of care. If a new contract is not put in place, it is highly likely that residential care would be the only alternative option for these Citizens
- 1.4 Work is currently underway with Nottingham City Council's extra care providers and Adult Social Care to ensure that referral rights are maximised and that wherever possible vacancies are targeted towards citizens with a care need. This will then allow citizens to receive the flexible support they need at the earliest opportunity which will help to prevent the escalation of their needs. This early intervention will enable citizens to maintain their independence for as long as possible and help to prevent the need for alternatives such as residential care. Nomination Agreements between NCC and ECCT will form part of the new Service Specification.
- 1.5 The fee banding agreed with the ECCT allows for flexible provision of care, enabling changes in needs, whether temporary or permanent to be addressed swiftly. Analysis has shown that a banded rate is more cost effective for the Council than an hourly rate would be. The contract value is based on current commissioned packages of care which have been agreed through separate Adult Social Care processes. There is no minimum purchase agreement and this contract does not provide a guarantee of business to the ECCT.
- 1.6 The length of contract requested (9 years in total) has enabled Nottingham City Council to negotiate a minimal price increase of just over 2% on existing fees. This is less than the average inflationary uplift given to domiciliary care (4.63%) and Residential Care (3.80%) for 2016/17. The length of contract also reflects the complexity in locating alternative accommodation for service users. Break clauses allow for periodic review at which point the contract can be exited. The contract also allows for termination with 6 months' notice at any point (less if there are delivery issues). 6 months was considered the minimum time necessary to relocate affected citizens. In order to safeguard the interests of the Authority we propose to include break clauses after the initial 3 years and then every two years after that. Nottingham City Council will also have the ability to terminate the contract with 6 months' notice at any point during its lifetime.
- 1.7 Seagrave Court is currently owned by Midland Heart and leased to ECCT. There has been a decision by Midland Heart to withdraw from this arrangement nationally and they plan to take back both the landlord and the care function from ECCT in May 2018. The initial contract period for Seagrave will coincide with this timescale and a decision will be made as to whether to Novate the contract to Midland Heart at this time.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Extra Care provision enables citizens to remain in the community while having their care needs met through a personalised package of support. As the support needs of the citizen increase the care provider are able to react to this and ensure that services are provided in a timely manner, enabling people to remain living in their own homes and adjust the level of care needed as their needs change. This makes extra care provision a cost effective alternative to residential care.

- 2.2 The model of accommodation provided by the ECCT is unique and provides added value through additional services such as a gym, fitness classes, a shop, various day time activities and restaurant. ECCT also operate a Locksmith scheme which assists citizens with cognitive impairments. Medical checks are also offered by ECCT teams and they engage with the citizens GP where required. Citizens are encouraged to be involved with volunteering at the schemes, for example with running the shop. There is also a befriending service to encourage residents to engage in the activities. The facilities are also made available to citizens who reside near the premises who are able to buy passes for the scheme.
- 2.3 Citizens at Seagrave Court rent their accommodation and are tenants of their property and Lark Hill is a mixture of people who rent and people who own their accommodation.
- 2.4 Citizens currently have their care needs assessed by Adult Social Care and are placed within a 'care band' which is not task based but relates to their general care requirements. Within each band is a range of hours, for example level 1 is up to 4 hours of care per week and level 2 is between 4 and 11 hours per week. This gives flexibility and means that the ECCT are able to react to changes in need swiftly and citizens only need to be reassessed where there is a significant change in their needs.
- 2.5 There are currently 46 Citizens in Lark hill in receipt of a care package through NCC and 26 citizens at Seagrave.
- 2.6 The current contract stipulates a maximum number of care packages which can be allocated amongst the residents. These limits are not included in the new service specification. Rather than the total number of packages, the focus will be on maintaining the balance of the village. Removing the limit on the number of packages will allow the flexibility to enable the ECCT to respond to the changing needs of citizens. This is unlikely to lead to a large rise in the total number of care packages due to the focus remaining on the balance of the village. Any new care packages will need to be assessed and approved by ASC and will be subject to usual decision making processes.
- 2.7 Both Lark hill and Seagrave had a Quality Monitoring Visit in April 2015; both were rated green with scores of 87.25% and 90.60% respectively.
- 2.8 The ECCT has put forward a new pricing structure for the banded rates which is included in Appendix 1 which has been exempted as it contains commercially sensitive information. This price increase represents just over a 2% increase from the existing contract. The new rates will be subject to an annual inflationary review in future years.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Do nothing – the current contracts are expiring and new contractual arrangements are needed in order to ensure that the citizens requiring these services continue to receive them.

3.2 Tender the care service at the existing locations– tendering the service is not an option as the ECCT operational model does not allow for the care element to be separated out and as a result they are not willing to allow another care provider to take over the service. Previous experience with Extra Care schemes has shown that separating out the landlord and care function can be problematic. The schemes achieve economies of scale by providing landlord, support and care functions. This allows for the 24hour presence on site and for additional social functions such as encouraging volunteer groups and managing services such as a gym room or community shop. Where the functions are separated out the additionality that the scheme offers is likely to be lost as was the case with Woodvale, or the scheme may become economically unviable as happened with Glenstone Court which ceased providing extra care in 2013. If a new contract with the ECCT is not negotiated directly the schemes would no longer operate as Extra Care and citizens with high care needs may be forced to move to alternative accommodation, most likely residential care

3.3 Move the residents currently in receipt of care into alternative Extra Care accommodation – there is currently not sufficient Extra Care Capacity within Nottingham City to facilitate moving this number of residents to alternative provision. If alternative provision was available within the required timescale there would be a number of complications and risks to services users. Lark Hill and Seagrave offer permanent accommodation on either a rented or ownership basis.

If alternative provision was available this would require a number of vulnerable citizens to leave their homes and move in order to continue to receive a care service. This is likely to necessitate a change in carer and may have a negative impact on care needs particularly where there is a risk of dementia.

As a result of the level of care being provided and the specialist nature of the service being provided by the ECCT it is highly likely that the only viable alternative for many of the Citizens would be residential care. At £509.69 per week this is higher than the most expensive care level of £378.20 per week and so is very likely to lead to an increase in the cost to the Authority.

3.4 Build alternative accommodation provision and tender for a provider – There are proposals currently seeking approval to redevelop an NCH site into Extra Care in the City in order to try to reduce reliance on residential care. In order to make the care contract cost effective, respite care with a focus on re-ablement and potentially end of life care is being included in the contract. Reliance on residential care is unlikely to be reduced if the scheme is repurposed to move residents from Lark Hill and Seagrave.

Developing a new alternative accommodation provision would take several years to develop and would require a significant amount of capital funding from Nottingham City Council.

This approach would also involve moving vulnerable residents into alternative provision, which is also likely to have fewer facilities available than their current accommodation with ECCT.

It is unlikely that this approach would achieve savings for the Authority as the hourly rate charged by the other current Extra Care provider in the City is such that the cost of care packages is unlikely to be cheaper than the ECCT banded rates.

3.5 Consideration was given as to whether it would be beneficial to move to an hourly rate rather than the current bands for care. It was felt that this would present a financial risk in terms of packages of care being more costly if citizens were receiving care at the higher end of the band. There would also be a resource implication for social care practitioners to review all of the current care packages. In addition the current banding system allows for a degree of flexibility within a citizen's day to day care needs that is not possible under an hourly rate.

4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The value of this decision is estimated using the following assumptions:
- Current number of citizens receiving a service at the two Extra Care Schemes
 - Current level of care requirements
 - The proposed rates for 2016/17 as detailed in the exempt appendix
 - A total contract term of 9 years recognising the break clauses for the two schemes

It should be noted that approval to spend against these contracts is through the Council's scheme of delegation for adults care packages, the value of the decision giving context to the recommendations in this report. The council will only pay for the care needs of citizens it has assessed as being eligible for social care support.

- 4.2 The inflationary increase negotiated and included in the proposed provider rates in the exempt appendix and referred to in paragraph 1.6 will be met from the inflationary allocation for social care included in the Council's Medium Term Financial Plan. Any further increases in fee rates from 2017/18 onwards will be considered alongside other social care services and will be subject to further appropriate approval.
- 4.3 As detailed by the report author, the ECCT care model does not allow an alternative care provider to deliver care and support to citizens within these schemes. For this reason and other considerations detailed in section 3 of this report, recommendation 1 asks for exemption from Section 5.1.2 of the Council's Contract Procedure Rules in accordance with Section 3.29 of the Council's Financial Regulations to allow a direct award for the ECCT to continue to deliver care services at Lark Hill and Seagrave Court. In these circumstances and considering the procurement advice in section 5, this recommendation is reasonable and supported.
- 4.4 Value for Money will be delivered through the provision of services that meets the needs of vulnerable citizens within Nottingham. It is not currently possible to quantify the cost of moving all the citizens to alternative forms of care provision should contracts for these services not be agreed however, as a cost comparison, the average gross cost of care levels 4 and 5 across the two schemes is £315.57 per week and the gross cost of a standard residential care placement is £509.69 per week. For the current number of citizens receiving this level of care, this equates to an annual cost differential of £0.232m, £2.088m over the proposed contract term.

5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

Procurement Comments:

- 5.1 The operation of extra care under the models used at Larkhill and Seagrave does not allow for separation out of the care element. The option to tender is therefore not possible without potentially destabilising the service, or residents having to leave their homes in the schemes. However this operating model brings a number of benefits including social benefits for service users and increased value for money due to the additional that it allows. Procurement and Commissioning Colleagues have been involved in negotiating directly with the Provider to negotiate a price increase that is lower than other social care services through use of a flexible 'care level' banding system. The price therefore appears competitive in relation to the wider market. Dispensation from Contract Procedure Rule 5.1.2 in accordance with Finance Regulation 3.29 (operational reasons) in order to make a direct contract award for each scheme is therefore supported from a procurement perspective.
- 5.2 A long contract is proposed due to the complexity of the service however break clauses have been built in to allow for review and potential termination at periodic points should this be necessary. The contract also allows for termination with 6 months' notice at any point or sooner if significant concerns are identified. The risk to the Council from this length of contract is therefore minimal. It should be noted that contract value needs to be monitored on an ongoing basis as the value given for this service is based on the current number of service users which could change. The model used at the schemes aims to ensure a similar number of service users within each care level to ensure a balanced scheme population, which helps mitigate the risk of significant change to budgets. However it would be expected that care levels will fluctuate within the lifetime of this contract. In addition an annual inflationary rise will be due each year in line with other social care services.

6 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)

6.1 N/A

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 Extra Care provision provides social value through encouraging residents to engage in volunteering activity. Citizens are encouraged to facilitate activities and to engage other residents with these. This helps to reduce social isolation and may carry additional benefits to, for example, mental and physical health.
- 7.2 Extra Care also helps to prevent costs to other services such as health, particularly emergency health services.

7.3 Citizens in the surrounding areas are able to make use of the villages resources.

7.4 Extra Care enables older people to remain independent in their own homes and reduces the need for residential care.

8 REGARD TO THE NHS CONSTITUTION

8.1 N/A

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 An EIA is not required. The proposals are to continue an existing service without any alteration to eligibility for the service. The cohort supported by the existing service will not change, and none of the alterations to contracting methods have any impact on any groups with protected characteristics regardless of whether they are eligible for the service or not.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 N/A

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 N/A

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

12.1 N/A