

**COMMISSIONING AND PROCUREMENT SUB-COMMITTEE**

**10 April 2018**

<b>Subject:</b>	Extra Care Provision within Nottingham City		
<b>Corporate Director(s)/ Director(s):</b>	Candida Brudenell, Corporate Director Strategy & Resources / Katy Ball, Director of Procurement & Children's Commissioning Linda Sellars, Director of Quality & Change / Gemma Poulter, Head of Integration for Adults		
<b>Portfolio Holder(s):</b>	Councillor Nick McDonald, Portfolio Holder for Adults and Health		
<b>Report author and contact details:</b>	Claire Labdon-West, Commissioning Manager 0115 8764804		
<b>Key Decision</b>	X Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	X Yes <input type="checkbox"/> No
<b>Reasons:</b> 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    X No
<b>Total value of the decision: £3.822million</b>			
<b>Wards affected: All</b>	<b>Date of consultation with Portfolio Holder(s): 27.03.18</b>		
<b>Relevant Council Plan Key Theme:</b>			
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"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>As part of the Older People's Big Ticket work, the need to increase the use of Extra Care provision has been identified. By offering citizens tenancies with onsite support, including night provision, citizens are able to remain independent in their own tenancies for longer. This approach will delay or prevent the need for residential care. Nottingham City uses higher levels of residential care than comparable authorities do and part of the Big Ticket work is targeted at reducing this percentage.</p> <p>The current contracting arrangements for the onsite care provider at Woodvale is due to end in Oct 2018 and new contractual arrangements are required from 1<sup>st</sup> November 2018. A new Extra Care development with Nottingham City Homes (NCH) is due to be completed in April 2019 with the apartments being ready to let in May 2019. Adult Social Care will have nomination rights to 20 units, which is 50% of the total within this development and an onsite care provider needs to be commissioned for this service.</p> <p>There are currently 225 units of Extra Care accommodation and the new development at Winwood Heights will increase this to 245. Adult Social Care (ASC) will actively utilise the provision to citizens where there is a risk that they require residential care within the next 6 months.</p>			

**Exempt information:****State 'None' or complete the following.**

None

**Recommendation(s):**

- 1** To procure onsite care providers for Woodvale and Winwood Heights for a three year period with an option to extend for a further three years (at the discretion of the Council) via an open and competitive tender process.
- 2** To delegate authority to the Head of Contracting and Procurement to approve the outcome of the tenders and award contracts to secure best value.
- 3** To delegate authority to the Market Strategy and Development Manager to sign contracts arising from the tender process once the tender outcome is agreed.
- 4** To approve expenditure in association of the amount above

**1 REASONS FOR RECOMMENDATIONS**

- 1.1 Extra Care accommodation provides a viable alternative to residential care. Other Authorities have been able to utilise Extra Care as a mechanism to significantly reduce their use of residential care for older people, increasing levels of independence and enabling citizens to remain in the community for longer. This provides better outcomes for citizens as they are able to remain independent within the community for as long as is possible. This supports the Better Lives Better Outcome programme to reduce the number of older citizens who are admitted to residential care.
- 1.2 There are two Extra Care projects that require new contractual arrangements. These are the existing service at Woodvale and a new Extra Care service at Winwood Heights which is an NCH development.
- 1.3 A nominations process has been developed with ASC to clearly define the roles of ASC, the care provider and the landlord in the nominations process which will ensure that the most appropriate use is made of Extra Care provision within Nottingham City. Citizens with care needs who are at risk of requiring residential care will be given priority.
- 1.4 The contract value is based on current commissioned packages of care, which have been agreed through separate Adult Social Care processes, the block contracts for night care at Woodvale and what we anticipate the care levels to be for Winwood Heights. Whilst the proposed tender process is likely to increase this cost envelope by approximately £327,000pa (see appendix 1), this will be offset by reductions in the level of spend on homecare and residential care. Extra Care providers will be funded at the same level as Accredited Homecare providers. There will be a small additional cost to meet potential night care requirements. Based on the average cost of an Extra Care package, compared to a residential placement, there is the potential to deliver a saving of £7436pa per person.

The proposed hourly rate for Extra Care will be £15.50, which is equal to the current rate paid to accredited Homecare providers. The average costs can be broken down as follows:

<b>Table 1 – Breakdown of Average Costs</b>			
	Average homecare costs pp	Average Extra Care Costs pp	Average Residential care pp*
Per week	£200	£222	£365
Per Annum	£10,400	£11,544	£18,980

*\*the Homecare and Extra Care costs assume an average Fairer Charging contribution of £30pw.*

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

2.1 There are two separate services for which an Extra Care provider is required. It is proposed that these will be tendered at the same time but as two separate lots, in order to encourage as many providers as possible to bid for the contracts.

- **Woodvale**

Woodvale contains 56 units of accommodation of which ASC has nomination rights to 27. Metropolitan is the landlord of the accommodation and Agincare is the current care provider. There is currently 24-hour care at Woodvale and the night care is currently funded through a block contract. It is proposed that this arrangement will continue under the new contract until such time that banded rates become financially viable.

- **Winwood Heights**

NCH approached Nottingham City Council with the opportunity to create a new Extra Care facility on the site of Woodthorpe Court and Winchester Court. The new development is being called Winwood Heights. As well as improvement to the communal areas in the two main towers, the development includes a new building containing 40 fully accessible apartments. Nottingham City Council will have nomination rights to 50% of the new flats for Extra Care.

2.2 Of the 20 flats Adult Social Care will have nomination rights to, a proportion of these will be utilised as Assessment Apartments. Initially four units will be utilised for this purpose with the option to increase the number as apartments become vacant and if required. The focus will be on an intensive period, generally 3 weeks, of reablement with the aim being that the citizen returns to their home at the end. It is anticipated that 70% of citizens will return home with a reduced package of care, 20% will require permanent Extra Care accommodation and 10% will need long term residential care. The learning from other Local Authorities is that this type of provision is more successful when the care is provided by an Internal Reablement Service. The Reablement Service intends to increase its staffing capacity in order to have colleagues who are based at Winwood Heights. This makes the cost of the Assessment Apartments greater than a residential alternative in the short term. However, the apartments can provide a long term saving during the year after reablement in excess of **£76,000**, assuming that the alternative outcome would have been a long-term place in residential care for 80% of citizens who

enter a short term placement. Full details of the cost benefit analysis are detailed in appendix 2

- 2.3 The service Specification for Extra Care has been re-written to reflect the focus on promoting independence wherever possible. There is a clear focus on enablement and on achieving the outcomes set in the citizen's care and support plan.
- 2.4 The Nomination Process sets out the responsibilities of ASC, the Landlord and the Care Provider as well as the liability for void costs. Nottingham City Council will only be responsible for void costs where ASC have specifically requested that the landlord hold the vacancy for more than 28days.
- 2.5 As well as the new nominations process which will form part of the contracts, ASC have identified internal processes which will ensure that Extra Care accommodation is utilised appropriately and that practitioners are actively identifying citizens who can benefit from Extra Care. Work has already begun to promote Extra Care within the Community Teams within ASC.
- 2.6 Under the proposed model, citizens will have their care needs assessed by Adult Social Care and then be placed within a care band (see Appendix 3) which is not task based but relates to their general care requirements. The focus is on achieving the outcomes set by the citizen and ASC within the number hours set for their care band. This gives flexibility and means that the care provider will be able to react to changes in need swiftly and citizens only need to be reassessed where there is a significant change in their need. Consultation with providers has shown that they are supportive of this structure and find that this enables personalisation of care and a clear focus on achieving outcomes for citizens.
- 2.7 Analysis has shown that a banded rate can be more cost effective for the Council than an hourly rate would be as long as there is an even spread amongst the care bands within the service as a whole. There also needs to be a sufficient volume of citizens in receipt of care to make banded rates financially viable. In order to mitigate the risk of additional financial pressures on Nottingham City Council, it is proposed that for the initial period of the contract at Woodvale remain on an hourly rate with a block contract for night care. This period will be utilised by ASC to make use of nomination rights and increase the number of citizens with care needs. Once there is a sufficient number of citizens with a care need then banded rates will be implemented. It is recommended that Winwood Heights be on Banded rates from the contract start date as long as this is financially viable for Nottingham City Council and the provider. If this is not the case then the hourly rate will be paid along with a block contract for night care until such time that banded rates become financially feasible. It is envisaged that this will be when a minimum of 8 hours of night care are commissioned per night. The change from a block contract to banded rates will not increase the cost to Nottingham City Council.
- 2.8 Citizens who are currently resident within Extra Care accommodation within Nottingham City are generally very positive about their experience of living in this type of accommodation. The main concern that was raised by citizens was with regard to the level of flexibility that the provider is able to offer with regard to the timings of calls. It is felt that the greatest opportunity for flexibility is available by using the care band structure for pricing. This outcome-focused

model allows the provider to be flexible with the care provision and work with the citizen to develop their care package. The proposed funding model should enable providers to staff their rota in order to meet the varying needs of their citizens.

### **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. Without an onsite care provider, Winwood Heights would not be an Extra Care facility and would revert to being NCH general needs Independent Living Accommodation.
- 3.2 No longer commission an onsite care provider at Woodvale. Citizens currently in receipt of night care could be moved into alternative Extra Care accommodation within the new development at Winwood Heights. All other packages could be managed through the Homecare Lead Contracts and accredited list. The purpose of the new development at Winwood Heights however is to increase the supply of Extra Care in order to reduce reliance on residential care. By moving those already in accommodation into the new development, this would reduce our ability to meet the target of reducing residential accommodation.
- 3.2.1 If alternative provision was available within the required timescale there would be a number of complications and risks to services users. 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
- 3.2.2 Move the citizens currently in receipt of night care into residential accommodation and manage all other packages of care through the homecare framework and accreditation. This would be an additional financial pressure on the local authority of approximately £50,000pa for the cost of residential care over the current cost of care for the 7 citizens who are receiving night care. Managing care in the day time through the Homecare provision could create capacity issues and would reduce the number of Extra Care nominations available to Nottingham City Council. The number of Extra Care units would substantially reduce, as there are 88 units which ASC have nomination rights to over the both sites

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

- 4.1 The cost of the proposals contained within this report are detailed in **Table 2** below which includes the contract values at a service component level. The value of the decision reflects the total estimated cost over the life of the contracts, however it should be noted that approval to spend for the care provision component will be given through established mechanisms that exist within Adult Social Care for each individual package of care.

<b>TABLE 2 – COST OF EXTRA CARE PROVISION</b>					
<b>Service</b>	<b>Component</b>	<b>Contract Period</b>	<b>Annual Value £m</b>	<b>Estimated Contract Value £m</b>	
Woodvale	Care Provision	3 + 3 years	0.246	1.476	Note 1
	Night Care - Max. Block Value		0.047	0.282	Note 2
	Fee Rate Increase		0.002	0.012	Note 3
		<b>Sub-Total</b>	<b>0.295</b>	<b>1.770</b>	
Winwood Heights - 16 Extra Care Placements	Care Provision	3 + 3 years	0.200	1.200	Note 1
		<b>Sub-Total</b>	<b>0.200</b>	<b>1.200</b>	
Winwood Heights - Assessment Apartments	Care - Internal Reablement Service	Council Staff Cost	0.107	0.642	
	Accommodation Costs	3 + 3 years	0.035	0.210	
		<b>Sub-Total</b>	<b>0.142</b>	<b>0.852</b>	
		<b>Total</b>	<b>0.637</b>	<b>3.822</b>	

Note 1: Care provision is approved through the council's scheme of delegation for adult's care packages.

Note 2: The night care block value represents the maximum spend under this component, however actual care delivered at night included in citizens support packages will be reduce this value until banded rates become financially viable.

Note 3: The fee rate increase will be funded from the fee rate provision included in the Council's Medium Term Financial Plan.

4.2 As detailed in Paragraph 1.1, Extra Care provision provides a viable alternative to residential care whilst providing better outcomes for citizens. The table in paragraph 1.4 shows the average cost of extra care is £222 per week against the average cost of residential care of £365, a difference of £143 per week.

4.3 The re-procurement of services at Woodvale will maintain this provision as an Extra Care Service and whilst the costs of this decision are based on hourly rates, the long term proposal will be to move to banded rates once they become financially viable which equates to 8 hours of night care per night. These changes will be facilitated within the service contract and result in no additional cost to the Council.

4.4 The apartments at Winwood Heights will provide new extra care provision within Nottingham City for which Adult Social Care will have nomination rights for 16

apartments. Whilst this will provide opportunity to make efficiencies of approximately £7k per placement per year compared to a residential placement, the actual cost of care provision will be determined as citizen's move into the service. The funding of this service will be met from reductions in other forms of social care provision such as residential care and home care and will support a reduction in the use of residential care.

- 4.5 The commissioning of assessment apartments at Winwood Heights will deliver longer term savings of approximately £76k per year as detailed in Paragraph 2.2 and Appendix 2.2 and will support savings included in the Council's Medium Term Financial Plan (MTFP). Evaluation of this service after it has commenced should be undertaken to ensure both the assumptions in the financial modelling are robust and the period of reablement is effective in delivering efficiencies in the cost of care provision. Part year savings will be achieved in the first year and effective utilisation / management of the assessment apartments must be delivered in order to achieve the savings identified in this report.
- 4.6 By procuring services that meet the needs of local people through the most economic, efficient and effective means and procuring Extra Care Services at a fixed price that commissioners regard is sufficient to cover provider costs, value for money will be delivered.

Darren Revill, Senior Commercial Business Partner (Adult Social Care). 27/03/18

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

- 5.1 Extra Care is an accommodation based service. The City Council will need to put in place an agreement with the owner or landlord of the accommodation where the Extra Care services are to be provided which reserves to the City Council an agreed number of units for which the City Council has the right to nominate citizens to occupy the unit and receive the Extra Care. This will not be a tenancy agreement with the owner/landlord but may require the City Council to reimburse lost rental during void periods. The agreement would also require the landlord to co-operate with the Extra Care services provider.

Andrew James, Team Leader (Contracts and Commercial). 23/03/18

- 5.2 The procurement of the two Extra Care services proposed in this report will be undertaken by the Procurement Team in compliance with the requirements of EU and UK Procurement Regulations (Light Touch Regime) which require services of this type above the value of £589,900 to be advertised and procured in accordance with these rules. There will be a requirement for agreements to be put in place around the owner / landlord arrangements for this provision.

Julie Herrod, Lead Procurement Officer. 26/03/18

## **6 STRATEGIC ASSETS & PROPERTY COLLEAGUE 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 activities, including volunteering. Citizens are encouraged to facilitate activities and to engage other residents in these. This helps to reduce social isolation and may carry additional benefits to, for example, physical and mental health.
- 7.2 Extra Care also helps to prevent costs to other services such as health, particularly emergency health services.
- 7.3 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 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

## **9 EQUALITY IMPACT ASSESSMENT (EIA)**

- 9.1 Has the equality impact of the proposals in this report been assessed?

Yes

X

An EIA for the new development at Winwood Heights is attached as Appendix 4, and due regard will be given to any implications identified in it.

An EIA is not required for Woodvale as 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 None

## **11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

- 11.1 None