

**Report for:** Cabinet Member Signing, 28 November 2025

**Title:** Direct Award of Contract for the provision of Adult Social Care Services following Provider Insolvency

**Report authorised by :** Sara Sutton, Corporate Director Adults, Housing and Health

**Lead Officer:** Rebecca Cribb, rebecca.cribb@haringey.gov.uk

**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:** Key Decision

## **1. Purpose of the Report**

- 1.1. This report seeks approval for the Council to facilitate the urgent transfer of a range of adult social care services—supported living, residential care, supported housing and day opportunities—from the current provider to a new organisation identified through a market sales process.
- 1.2. The existing provider has entered insolvency and is no longer able to continue operating safely or sustainably. Immediate action is required to ensure continuity of care for vulnerable residents and to enable an orderly transition to a new provider.
- 1.3. The decision proposed within this report enables the Council to establish the necessary contractual arrangements, through a direct award, to ensure continuity of service delivery with the preferred incoming provider.

## **2. Cabinet Member Introduction**

- 2.1. N/A

## **3. Recommendations**

- 3.1. It is recommended that the Cabinet Member for Health, Social Care and Wellbeing pursuant to CSOs 2.01c and permitted under 0.08:
  - 3.1.1. Approve the direct award of short-term emergency continuity contracts to the new provider for an initial term of one year from 1st December 2025 to 30th November 2026 (with the option to extend for up to a further year), up to the maximum aggregate value of the contracts - being of £4.502m (if fully extended), comprising:
    - 3.1.1.1. Up to £25,492 pa for continuation of the existing arrangement for Housing Related Support (HRS) services until the current termination date 31st December 2025;
    - 3.1.1.2. Up to £2.25m per annum for individual spot placements at the prevailing commissioned weekly rates, for an initial one-year period with the option to extend for up to a further year;

- 3.1.1.3. Actual expenditure will be based on assessed needs of each individual and may be lower than the stated ceiling value.
  - 3.1.1.4. Effective 1 January 2026, where an individual receiving Adult Social Care (ASC) services is assessed as having a need for Housing Related Support (HRS), the following financial arrangement will apply:
    - 3.1.1.4.1. The assessed HRS hours will be funded in gross by ASC to ensure continuity of care and streamlined payment processes.
    - 3.1.1.4.2. These costs will subsequently be recharged to the HRS service in accordance with agreed inter-departmental protocols.
  - 3.1.1.5. This arrangement ensures clarity in funding responsibilities while maintaining compliance with statutory duties and supporting integrated service delivery.
- 3.1.2. Delegate authority to the Director of Adults Social Care, after consultation with the Director of Finance and the Cabinet Member for Health, Social Care and Wellbeing, to finalise the terms of award and to finalise contracts.
- 3.1.3. Agree to provide transitional financial support if required to maintain safe staffing and service continuity during mobilisation and handover, subject to appropriate governance and financial controls.

#### **4. Reasons for decision**

- 4.1. The current provider's insolvency prevents it from meeting ongoing operational and statutory obligations. Without immediate intervention, there is a risk of sudden service cessation, putting vulnerable residents at risk and breaching the Council's duties under the Care Act 2014.
- 4.2. A market sales process undertaken by the provider's insolvency practitioners has identified a preferred organisation with the capacity and experience to assume responsibility for the services. However, the proposed transfer relates to the service provision alone; the Council will not assume liability for the insolvent legal entity.
- 4.3. The Council must act urgently to maintain service continuity, retain skilled staff, and minimise disruption for residents and families. A delay in decision-making would significantly increase the risk of unmanaged service failure.
- 4.4. A one-year term with an option to extend for a further year provides the operational stability needed for a safe and orderly transition to the new provider, while safeguarding the integrity of the wider transaction. Accommodation-based services require a carefully managed and secure handover to ensure continuity of care and minimise risk.

#### **5. Alternative options considered**

##### **5.1. Do Nothing**

Not viable. The provider is unable to continue trading and would otherwise collapse, leaving residents without essential care arrangements.

**5.2. Bring Services In-House on an Emergency Basis**

This option was considered but discounted. The Council does not have the immediate staffing, necessary CQC registration, or infrastructure to take on these services within the required timeframe without disrupting care or creating further safeguarding risks.

**5.3. Procure a New Provider via an Open Tender**

Timescales required to undertake a compliant procurement exercise would not allow for a safe transfer. Residents could be left without essential support.

**6. Background information**

- 6.1. The current provider has delivered supported living, residential care, supported housing and day opportunity services in the borough for a number of years. Financial distress has escalated rapidly during the past six months, culminating in the board's decision to enter insolvency proceedings.
- 6.2. The insolvency practitioners (BDO) have worked to identify an alternative provider for the services to prevent abrupt closure. The preferred incoming provider has been assessed by Council officers for service quality, financial standing, workforce capacity, and registration requirements with the Care Quality Commission (CQC).
- 6.3. Service users, families, and staff have been informed. Officers have worked closely with the CQC, and other partners to ensure safeguarding and regulatory oversight.
- 6.4. Once the new organisation has taken over operations, it is likely they will conduct a detailed financial review of the services. There is a risk that existing contract prices may need to be renegotiated to ensure long-term viability. This will be brought back through the Council's governance processes as needed.

**7. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes'?**

- 7.1. Adults, Health and Welfare: A healthy and active population; Vulnerable adults are supported and thriving.

**8. Carbon and Climate Change**

- 8.1. N/A

**9. Statutory Officers comments (Director of Finance ( procurement), Head of Legal and Governance, Equalities)**

**9.1. Financial Implications**

- 9.2. The immediate priority is service continuity. Interim arrangements may require short-term financial support to stabilise staffing and operational costs. Funding will be met from the Adult Social Care placement budget, with mitigation identified through existing contingency provisions.

9.3. There is a recognised risk that the ongoing cost of services may increase following transfer. The Council will work with the incoming provider to understand cost drivers and ensure any future contractual arrangements offer value for money.

9.4. No liabilities associated with the insolvent legal entity will transfer to the Council.

#### **9.5. Procurement**

9.6. This provision falls within the scope of the Procurement Act 2023 (PA23), Light Touch Regime. Under Schedule 5, paragraph 14 of the Act, a direct award may be made in circumstances of extreme and unavoidable urgency that preclude a competitive process. Such urgency is considered unavoidable where it is not attributable to any act or omission by the Council and could not reasonably have been foreseen. The insolvency of the current provider was neither anticipated nor caused by any action of the Council. Given the limited timeframe and the vulnerability of the service user groups, a competitive process was not feasible.

9.7. The incoming provider was identified by the incumbent as best placed to assume responsibility for the care services. The new provider has committed significant investment, including costs associated with TUPE transfers of staff. To ensure operational stability and maintain service quality for this complex user group, the provider has indicated that a minimum of 1-2 year contract period is essential for viability. Any shorter term would jeopardize both the sustainability of the arrangement and the performance of the contract.

9.8. The award of contract may be approved in accordance with CSO 2.01c

#### **9.9. Legal Implication**

9.10. The Director of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report.

9.11. The services are subject to the tendering requirements set out in the Procurement Act 2023 (the Act). Under Section 4 and Sch 5 of the Act, para 13 allows for a direct award

9.12. Where—

(a) the goods, services or works to be supplied under the public contract are strictly necessary for reasons of extreme and unavoidable urgency, and

(b) as a result the public contract cannot be awarded on the basis of a competitive tendering procedure.

9.13. This justification can be applied as long as the criteria for urgency is met. This is set out in Para 14.

9.14. For the purpose of paragraph 13, urgency is unavoidable if it—

(a) is not attributable to any act or omission of the contracting authority, and  
(b) could not have been foreseen by the contracting authority.

9.15. Under Part 4, Section D, Access to Information Rules of the Constitution, the Special Urgency procedure as set out in para 17 may be followed where for reasons of urgency it is not practical to provide notice of the meeting. The approval of the Chair of Overview and Scrutiny is required. They must be satisfied that the decision is urgent and cannot be reasonably deferred. In this case as soon as reasonably practicable after obtaining agreement of the Chair of Overview and Scrutiny, the Democratic Services Manager must publish a notice explaining why the meeting is urgent and cannot be deferred.

9.16. Where a decision is to be taken by Cabinet, Contract Standing Orders permit a Cabinet Member to take the decision with the agreement of the Leader.

9.17. **Equalities Considerations**

9.18. Residents affected by the transfer include adults with learning disabilities, autism, mental health needs, and physical disabilities. Disruption to their support arrangements may disproportionately affect them. The urgent actions proposed aim to minimise this risk.

9.19. The new provider will be expected to maintain service quality, ensure person-centred support, and uphold the Council's duties under the Equality Act 2010.

**10. Contribution to Strategic Outcomes**

10.1. The proposals support the Borough Plan objective of ensuring adults are able to live healthy, fulfilling, and independent lives, with access to high-quality care and support.

**11. Use of Appendices**

11.1. Appendix A - Exempt Report

**12. Background papers**

12.1. None