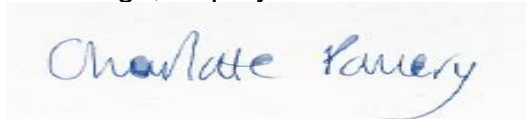


Report for: Cabinet on 13 December 2016

Item number: 12

Title: Contract award for the Shared Lives Service

Report authorised by : Zina Etheridge, Deputy Chief Executive



Lead Officer(s): Charlotte Pomery, Assistant Director, Commissioning
Sanjay Mackintosh, Head of Strategic Commissioning

Ward(s) affected: All

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

1. Describe the issue under consideration

- 1.1 Priority 2 in Haringey's Corporate Plan seeks to enable adults to lead healthy, fulfilling lives, whilst promoting and maximising independence and delivering high quality outcomes for people. Haringey's existing Shared Lives Scheme delivers on this objective and currently enables 40 local people to live with families and carers in their own home providing the accommodation, care and support that they need. Not only does Shared Lives provide good outcomes for people, it is also more cost effective than other forms of care and support, so the Council is committed to growing the scheme by recruiting more Shared Lives carers and providing more long term placements to local people.
- 1.2 To achieve this growth, Cabinet took a decision in November 2015 to find an alternative provider to deliver the current in-house scheme. This report presents the outcome of implementing that decision and deals with two things:
 - a) **Investment model** – approval of the proposed investment model for Shared Lives over the next 5 years, namely leveraging social investment with ongoing support from a 'Shared Lives Incubator' made up of four organisations – Social Finance, Shared Lives Plus, Community Catalysts and Shared Lives Investments Limited Partnership
 - b) **Contract award** – following a procurement process, the approval to award a contract to an alternative provider using the proposed investment model

2. Cabinet Member Introduction

- 2.1 Increasing our Shared Lives provision is part of our efforts to enable more people to continue to live in their community and to try and achieve sustainable

social care at a time when health and social care are facing unprecedented demand and budgetary pressures

- 2.2 The Haringey community have supported Shared Lives for many years, opening their homes and providing high quality care. They have supported vulnerable adults to continue to live independently and be an active part of the community. The partnership with the Shared Lives Incubator will enable us to provide investment and support to the new provider to build on the established service and grow it further so that more people can feel the benefits of Shared Lives.

3. Recommendations

- 3.1 Cabinet is asked to do the following:

- a) Approve the proposed social investment model with the Shared Lives Incubator (SLI), which includes a 'growth premium payment' paid together with the weekly management fee through a new provider.
- b) In accordance with Contract Standing Order (CSO) 9.06.1(b)(i) and CSO 9.06.1(d), to approve the award of a contract to Ategi Ltd, a not-for-profit Shared Lives provider, to deliver Haringey's Shared Lives Scheme from April 2017
- c) Award the contract to Ategi Ltd for a period of five years with an option to extend for two further periods of one year each at a fixed weekly management fee as identified in Part B (exempt information) of this report. The estimated contract value for managing the Shared Lives service could be £1.85million over the 5 year contract term. The value of each extension year could be £500,000.
- d) Note the TUPE transfer of 4 staff (3.6 FTE) to Ategi concurrent with the commencement of the contract.
- e) Delegate authority to the Deputy Chief Executive to approve the total amount of the social investment required and the corresponding growth premium payment, which will not exceed £35 per week, once it has been finalised.

4. Reasons for decision

Investment model

- 4.1 At a time of limited financial resources, the Council continues to seek innovative solutions to fund schemes that deliver good outcomes for local people. For Shared Lives, social investment provides such an option, as it:
- a) Leverages funds from investors who want to put their money into causes that improves people lives, particularly vulnerable people
 - b) Ensures investment is only paid back to investors when outcomes are achieved
 - c) Provides a 'catalyst' to schemes to grow and deliver good outcomes by providing additional funding up front, alongside existing investment from the local authority

- 4.2 As part of seeking an alternative provider for Haringey's Shared Lives scheme, the Council has worked with the Shared Lives Incubator (SLI) – a group of four organisations comprising Social Finance, Shared Lives Plus, Community Catalysts and Shared Lives Investments Limited Partnership – who are specifically focused on supporting the growth of Shared Lives schemes across the country. Working in partnership with SLI enables the Council to leverage investment, expert advice and business support to help achieve growth of the Shared Lives service whilst repayment is on the basis of achievement of outcomes. All of this is a critical component to helping Haringey's Shared Lives Service grow.
- 4.3 The contract itself is a payment by results delivery model. The Council pays the Provider a fixed weekly management fee for each arrangement supported. This model is enabled by the social investment. It is estimated that the social investment requirement will be £190,000. This is made up of £150,000 worth of cash investment paid directly to the Provider, together with expert advice and business support valued at £40,000 over the 5 years. The risk on this investment is borne by the social investors. The Council will repay the investment via a fixed 'growth premium payment' on top of the weekly management fee for each placement. This has been calculated at £35 per week. The social investors share in the success of the scheme, but will only receive a return in the event that at least 70% of the target is reached. The total investor return is expected to be around 4%. More details are set out in section 6 of this report.

Contract award

- 4.4 This contract award, and related procurement process, is the implementation of the November 2015 Cabinet decision to deliver the Council's in-house Shared Lives Scheme through an alternative provider. The purpose of seeking an alternative provider is to grow the scheme so that the benefits – both improved outcomes and as a more cost-effective care option – can be felt throughout the system. It is part of Haringey's objective to keep people healthy and living in their own communities for longer and to see a greater emphasis on promoting independence, dignity and choice - with care and support shifting away from institutional care towards community and home based support.
- 4.5 As a result of the procurement exercise, which was carried out in accordance with the Procurement Code of Practice, it is now recommended that the successful tenderer be awarded a contract as outlined in 3.1 in accordance with CSO 9.06.1(b)(i) and CSO 9.06.1(d).
- 4.6 The recommendations as outlined above in 3.1 are based on the provider which scored the highest on a most economically advantageous (MEAT) basis and therefore would offer the best value to the Council in terms of quality and price.
- 4.7 The successful tenderer, Ategi Ltd, are a not-for-profit, co-operative company, who have managed a number of Shared Lives services since 2001. They have successfully nurtured and grown Shared Lives schemes in South Wales, Herefordshire and Buckinghamshire, including a number which were previously

local authority run schemes. They will be able to draw on this experience to ensure a smooth transition for the staff, carers and service users. For more details see 6.40-6.42.

5. Alternative options considered

5.1 An options appraisal was undertaken, in consultation with representatives from UNISON, that evaluated the best option for growing the Shared Lives service. The alternative options considered as part of this are set out below:

- a) **Do nothing (as is)** – keep the service in house and provide no extra investment to increase the size of the staff team. The number of new placements established through the service has slowed and the total number of placements has remained roughly the same for a number of years. This suggests that without additional investment an increase in the number of placements is unlikely and would result in failure to achieve the target of growing the scheme and delivering efficiency savings as a more cost effective form of care with good outcomes.
- b) **Enhanced as is** – this would require significant investment from the Council to invest in more staff and expert support to help the service to improve and grow with no guarantee of an increased number of placements. The risk of the investment would be fully borne by the Council. The social investors that are part of the Shared Lives Incubator are not able to invest directly into the public sector.
- c) **Alternative Provider (without the Shared Lives Incubator)** – it is unlikely that without the support of social investment an alternative provider would be able to achieve the rapid growth whilst also operating a payment by results delivery model. In addition we believe that the expert support offered by the Incubator is critical to the success of growing the service in a sustainable way.

5.2 Two further suppliers were considered as part of the procurement process. The scores for these bidders are presented in this report (see 6.37).

6. Background information

6.1 In November 2015 Cabinet decided that the in-house Shared Lives Service should be delivered through an alternative provider to increase capacity. This report details the chosen provider model and the outcome of the subsequent open tender process and recommendation for the award of the contract.

6.2 Shared Lives is a model of social care that has been used within Haringey for over 36 years and is well established nationally. The scheme offers a form of care that centres on sharing home, family and community life, in supporting people to lead fulfilling and active lives. Uniquely, it enables people from all kinds of backgrounds to draw on their families, friends and neighbours in supporting some of our most isolated and vulnerable people, using the Shared Lives carer's own family home. Shared Lives is an alternative to home care and residential care for people in need of support. Carers share their lives and often

their homes with those they support. The service is used by around 15,000 people in the UK.

- 6.3 Haringey Council currently manages an in-house Shared Lives scheme that employs 4 staff, working through 44 carer households to deliver 40 long term arrangements as well as providing respite, short breaks and day care services. The majority of service users are currently adults with learning disabilities as well as those with mental health needs and young people leaving care. The service will continue to work with adults with learning disabilities but to also grow provision for other user groups, particularly adults with mental health needs, but also those with physical disabilities, the frail and elderly, and younger people leaving care.
- 6.4 The purpose of seeking an alternative provider is to grow the scheme, so that the benefits – both improved outcomes and a more cost-effective care option – can be felt throughout the system as part of Priority 2 in the Corporate Plan. It is part of Haringey's objective to keep people healthy and living in their own communities for longer and to see a greater emphasis on promoting independence, dignity and choice - with care and support shifting away from institutional care towards community and home based support.
- 6.5 This contract will see Haringey Shared Lives supported to achieve sustainable growth with social investment and expert advice, through an innovative partnership model between the 'Shared Lives Incubator', led by Social Finance, and the Council.
- 6.6 The new service is scheduled to mobilise between January and March 2017, and commence full service delivery on 1st April 2017.

National Context

- 6.7 The implementation of the Care Act 2014 represents a major shift in the way adult social care is delivered to people across the country. The Council has a duty to commission a wide range of services to improve the general health and wellbeing of its local population. This includes encouraging a genuine choice of service type. Statutory guidance stipulates that this should involve "not only a selection of providers offering similar services, encouraging, for example, a variety of different living options such as shared lives, extra care housing, supported living, support provided at home, and live-in domiciliary care as alternatives to homes care, and low volume and specialist services for people with less common needs".
- 6.8 Research¹ undertaken by the University of Worcester on behalf of Shared Lives Plus in 2013 (The State of Shared Lives in England, 2014) demonstrates that the Shared Lives approach is highly valued by individuals, their families and by those commissioning social care. Its focus on the individual helps to meet the personalisation agenda by giving individuals more control and choice and developing the capacity of the whole community to support its more vulnerable members. Shared Lives arrangements have been found to offer so much more than traditional forms of residential care particularly for people with learning

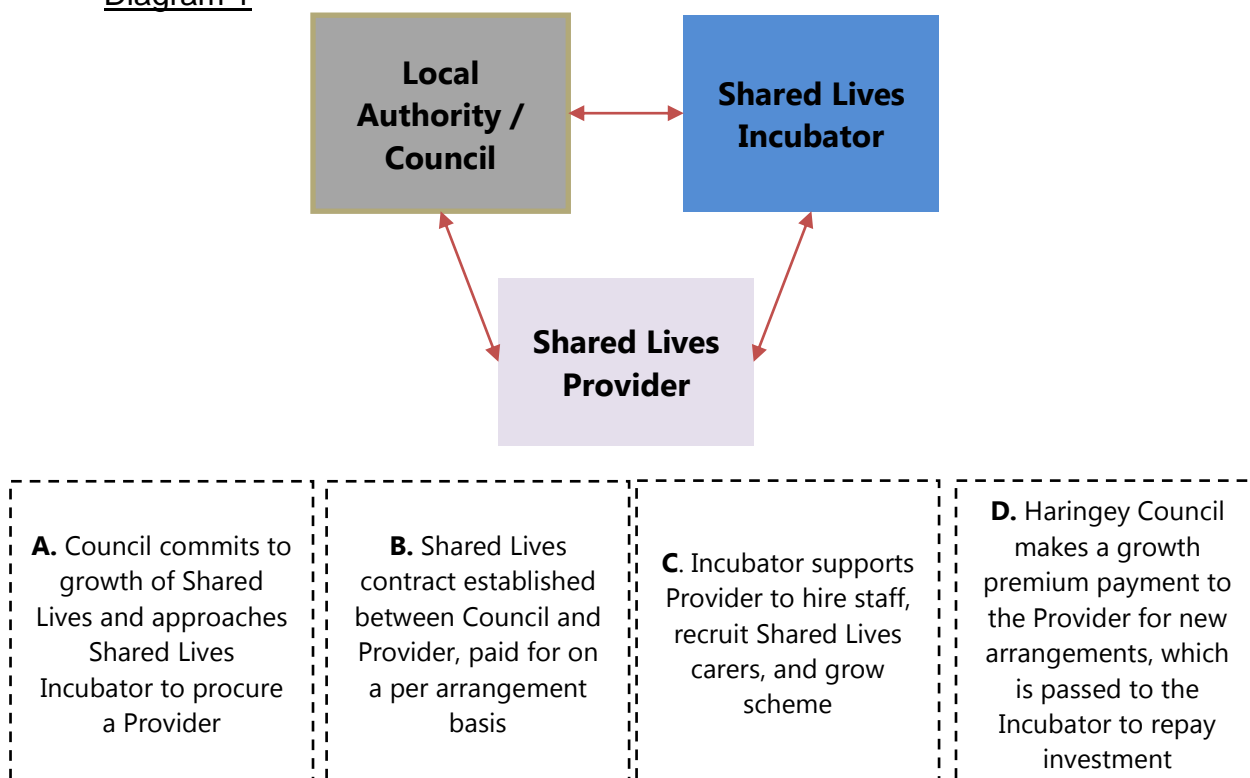
¹ <http://www.scie-socialcareonline.org.uk/the-state-of-shared-lives-in-england/r/a11G0000003irxVIAQ>

disabilities or mental health problems. Anecdotal evidence suggests that Shared Lives carers are much more successful at helping disabled people to join in with their communities and access training and employment.

Partnership with the Shared Lives Incubator

- 6.9 The previous Minister of State for Care and Support, Norman Lamb launched the Shared Lives Social Investment Project in July 2013 and spoke about his support for Shared Lives, “Shared Lives is in the vanguard of driving change in many respects ... it provides an innovative, alternative model of care to home care or residential homes for disabled adults and older people. And it does that by seeing the positives in people, not the negatives”.
- 6.10 Over six months in 2013, with the support of the Cabinet Office, Social Finance, Shared Lives Plus and Community Catalysts worked closely with four local authorities – Lambeth, Leeds, Manchester and Newham – to explore a model for expanding Shared Lives with social investment. This led to the establishment of the Shared Lives Incubator (SLI) to provide practical support for the growth of Shared Lives schemes, enabling a greater number and variety of vulnerable adults to access high quality community care.
- 6.11 Haringey Council have been working together with Social Finance and Community Catalysts since February 2016 on the process to find an alternative provider for the Shared Lives service.
- 6.12 The SLI comprises the following organisations: Community Catalysts, Shared Lives Plus, Social Finance and the Shared Lives Investments Limited Partnership (LP). There are four socially motivated investors in the Shared Lives Investments LP: the John Ellerman Foundation, Esmée Fairbairn Foundation, Joseph Rowntree Foundation and Big Society Capital.
- 6.13 The SLI will provide investment, through the Shared Lives Investments LP to the Provider to enable the sustainable expansion of the service as well as provide expert advice and business support to enable the Provider to deliver high quality growth.
- 6.14 The SLI will work in partnership with the Provider as set out in the diagram below:

Diagram 1



6.15 £150,000 of social investment will be paid directly to the Provider, in addition to receiving expert advice and business support valued at £40,000. The total social investment requirement will not exceed £190,000 however the final amount will be finalised following detailed discussions with the provider.

6.16 The Council will repay the investment via a fixed 'growth premium payment' on top of the weekly management fee for each placement. Based on a social investment requirement of £190,000 this has been calculated as £35. The social investors share in the success of the scheme, but will only receive a return in the event that at least 70% of the target is reached. The total investor return is expected to be around 4%.

6.17 The social investment will be used to pump prime the new provider and cover initial operating losses. The Council and the SLI are committed to supporting the new Provider to establish a sustainable scheme that will survive beyond the contract period.

Objectives for the new service

6.18 Haringey Council will require the provider to manage the current scheme and rapidly grow the service, whilst maintaining existing arrangements, so that more people can benefit from Shared Lives. The aim is for the provider to support 110 long term arrangements by the end of the 5 year contract period. This is an objective which the Council believes is challenging but achievable, and contingent on both the performance of the provider and activities by the Council to ensure suitable and sufficient referrals.

6.19 The new provider will have the following objectives:

- To become sustainable and continue beyond the 5 year contract period.
- To ensure individuals are supported to achieve their goals and that those in long-term arrangements are able to be involved in meaningful day time activities, tailored to their requirements.
- To recruit, manage and support the carers who are part of the scheme and deliver Shared Lives.

6.20 The provider will collect data and information as evidence to support the achievement of these objectives and the Council will use this to evaluate and manage the service. The SLI will also be closely involved in monitoring the service.

Savings

6.21 It is estimated that growing the Shared Lives service could realise savings for the Council of up to £780,000 over the 5 year period. The savings are achieved as a result of Shared Lives being more cost effective than alternative forms of care.

6.22 The potential savings are based on an average weekly unit cost for Shared Lives (weighted according to placement type) of £609 over the 5 years compared to an average of £838 for alternative forms of provision. The unit cost for Shared Lives includes the carer fee, cost of 5 weeks respite, day care, management fee and the growth premium payment.

6.23 A number of assumptions have been made to calculate the potential savings, including:

- That approximately 2 out of 3 placements are adults with learning disabilities, where the most significant savings are made.
- A weighted average carer fee has been used, based on rates for existing placements.
- Costs of alternative provision based on June 2016 data.
- That respite will be provided by Shared Lives, except in a small number of cases.
- That 15 stable long term placements are made in year 1 steadily rising to 22 by year 5, but also allowing for some attrition.
- That the growth premium payment is a fixed amount of £35 for the duration of the contract.

6.24 The numbers are contingent on both the Provider being able to recruit carers and make successful matches, but just as importantly a steady number of quality referrals from the Council.

6.25 The contract and the savings are focussed on increasing the number of long term arrangements however savings could also be realised from increasing Shared Lives respite provision, particularly for adults with learning disabilities.

Stakeholder engagement

- 6.26 The Council currently employs 4 staff (3.6 FTE), who it is anticipated will transfer to the incoming provider under TUPE regulations. Staff have been regularly briefed on progress during the procurement process and consultation will be initiated upon contract award.
- 6.27 Separately, commissioners have engaged with UNISON representatives throughout the process, in line with the 2000 protocol on outsourcing. Shared Lives staff and a union representative attended the market event held in March 2016 and UNISON have commented on the options appraisal, the draft tender documents and were present at the clarification meetings with potential providers as an observer. They have also had the opportunity to submit written questions to the potential providers as part of the tender process.
- 6.28 Carer representatives and staff were consulted as part of preparing the service specification. Three carers formed a carer panel and were a formal part of the evaluation process, asking providers specific questions during the clarification meetings. Their views were taken into account in the scoring of bids.
- 6.29 Commissioners also held an evening Q&A session for all carers to brief them on the process and the potential impact on them and provide an opportunity for them to ask any questions they had.

Procurement process

- 6.30 In February 2016, a Prior Information Notice (PIN) was placed in Official Journal of the European Union (OJEU) which sets out the Council's purchasing intentions and informs the market that they should expect a procurement to be commenced within the next 12 months.
- 6.31 Following publication of PIN a 'Market Engagement' event was held on 15 March 2016. This event was intended to communicate and share information with potential providers to help them understand the commissioning intentions and offer opportunities to network and forge partnerships.
- 6.32 The 'Market Engagement' event indicated that this is a specialist service and the nature of the market for this type of service is limited. Therefore, the 'Open' tendering process was selected as the most efficient route to market.
- 6.33 The procurement process started on 19 July 2016 with placing a contract notice in Official Journal of the European Union (OJEU) and Contract Finder. The tender advert was also published on Haringey's website and Delta E-sourcing portals.
- 6.34 The Invitation to Tender (ITT) and supporting documents were uploaded on Delta (e-tendering portal) where following a registration process, the potential tenderers can access the tender documents and submit their tenders electronically.
- 6.35 By the closing date of the tender (3 October 2016), 6 organisations registered their interest on Delta E-sourcing portal. Out of 6, three organisation submitted

the tenders. Tenderers who submitted tender(s) are listed in Part B (Exempt Information) of this report.

6.36 The tenders were evaluated using the Most Economical Advantageous Tender (MEAT) which included a split of 40% Price and 60% Quality as set out in the ITT documentation.

6.37 The table below details the outcome of the tender evaluations and respective scores of the tenders.

<i>Tenderers</i>	<i>Quality Scores (out of 600 points)</i>	<i>Price Scores (out of 400 points)</i>	<i>Total scores (out of 1000 points)</i>
Ategi Ltd	370	400	770
Company B	368	368	736
Company C	363	257	620

6.38 All tenderers were invited for clarification meetings. The evaluation panel was comprised of two representatives from the SLI, Council commissioners and a senior representative from the Haringey Learning Disability Partnership (HLDP). The Shared Lives service is currently part of the HLDP.

6.39 The Council received internal and external legal advice (provided by TLT Solicitors LLP) throughout the process.

Preferred bidder

6.40 The evaluation panel recommends that Ategi Ltd be appointed as the provider for the Haringey Shared Lives Service. In their tender submission, Ategi were able to provide strong evidence of how they would deliver on the key outcomes for the service and support the in-house team through the transition, including the TUPE transfer.

6.41 Ategi Ltd, are a not-for-profit, co-operative company, who have managed a number of Shared Lives schemes since 2001. They have successfully nurtured and grown quality Shared Lives schemes in South Wales, Herefordshire and Buckinghamshire and have experience of taking over local authority services.

6.42 Their experience of managing multiple schemes that are geographically spread means that they have established management and service support structures that are designed to effectively manage, support and empower their local Shared Lives teams. They will draw on their experience to work with the staff team, the Council and the SLI to sustainably grow Shared Lives in Haringey.

Transition and Contract Management

6.43 Key Performance Indicators and methods of measurement are integrated within the service specification and will be monitored through contract monitoring meetings and reports.

6.44 Contract monitoring meetings will be held monthly for the first six months and quarterly thereafter. The purpose of monthly monitoring meetings will be to

examine the implementation of the service, monitor delivery of the service at an operational level and to foster partnership working to facilitate early resolution of problems and/or issues.

- 6.45 The provider will commence a pre-mobilisation period in January 2017 for a period of 3 months, before service commencement on 1 April 2017.

7. Contribution to strategic outcomes

- 7.1 This decision is in line with Priority 2 in the Council's Corporate Plan, which focuses on ensuring adults lead healthy, fulfilling lives and are able to maximise their independence.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance

- 8.1 The Shared Lives outsourcing is part of the Council's overall redesign for Adults Social care and aims at improving the choices and quality of services available to clients. It is also a key vehicle to achieving value for money in providing of quality services. The report is seeking the approval to award the contract to an alternative provider. Ategi is the preferred provider, based on the fees outlined in Part B (exempt information) of the report, and a weekly growth premium payment of £35, the potential average savings per client is estimated at £229 per week. This is expected to realise up to £780k savings over 5 years.
- 8.2 The savings are contingent on the provider recruiting increased number of carers and making successful matches and the council making steady, good quality referrals.
- 8.3 There is some risk associated with the payment by results delivery model, however this is mitigated by the social investment and support the provider will receive from the Shared Lives Incubator.

Procurement

- 8.4 The report relates to services which are subject to the new Light Touch Regime under the Public Contract Regulations 2015. As such they are required to be advertised in the Official Journal of the European Union (OJEU) although there is greater flexibility in the tender procedure followed than under the standard EU tender regime.
- 8.5 The procurement process has been carried out in line with the Procurement Code of practice. Central procurement has been involved in this process and supports the recommendation.
- 8.6 Contract management will be put in place to ensure contract compliance and ensure quality outcomes.

Legal

- 8.7 The contract which this report relates to has been procured in accordance with the Light Touch Regime as set out in the Public Contracts Regulations 2015.
- 8.8 This is a key decision and the Service have confirmed this is on the Forward Plan.
- 8.9 The Assistant Director of Corporate Governance is not aware of any legal reasons preventing Cabinet from approving the recommendations in the report.

Equality

- 8.10 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:
- Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
 - advance equality of opportunity between people who share those protected characteristics and people who do not;
 - Foster good relations between people who share those characteristics and people who do not.
- 8.11 An updated Equality Impact Assessment (EQIA) is attached to this report [Appendix 1].
- 8.12 Under the proposed new arrangements, the Shared Lives staff that are currently in-house will be transferred to the contracted alternative provider on equivalent terms under the TUPE process. The staff have been briefed throughout the process and there will be further consultation with staff once the preferred bidder has been decided.
- 8.13 The Shared Lives scheme offers family and community placement options for adults eligible for care. The majority of those using the current scheme are adults with learning disabilities. The new provider will be expected to both maintain the quality of existing placements, and to significantly expand the service, including creating placements for adults with mental health needs, physical disabilities, those frail and elderly, and younger people leaving care.
- 8.14 The Council will work closely with the new provider towards creating more Shared Lives placements, including how this interlinks with referral practice in adult social care. Contract management arrangements will be put in place, focused on the quality of placements, safeguarding and aims to expand the service.
- 8.15 The new provider will be expected to demonstrate a strong commitment to fairness and equality in its service delivery and work practices, and comply fully with duties under the Equality Act 2010. Equality considerations will form part of ongoing monitoring and oversight arrangements.

9. Use of Appendices

Appendix 1: Equality Impact Assessment

10. Local Government (Access to Information) Act 1985

- 10.1 This report contains exempt and non exempt information. Exempt information is contained in the exempt report and is not for publication. The exempt information is under the following category: (identified in the amended schedule 12 A of the Local Government Act 1972 (3)) information in relation to financial or the business affairs of any particular person (including the authority holding that information).