

Report for: Cabinet 10th March 2020

Title: **Award of a block contract for the Extra Care provision to One Housing Group**

Report authorised by : Charlotte Pomery, Assistant Director Commissioning

Lead Officer: Aphrodite Asimakopoulou, Commissioning Manager
Tel: 020 8489 1353
E-mail: Aphrodite.Asimakopoulou@haringey.gov.uk

Ward(s) affected: All

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

1. Describe the issue under consideration

- 1.1 This report seeks approval for the award of a block contract to One Housing Group (OHG) for a total of 142 extra care units in three Haringey-based schemes at Protheroe House, Lorenzo House and Roden Court.
- 1.2 The proposal is to award the contract pursuant to Regulation 32(2)(b)(ii) of the Public Contracts Regulations 2015. Regulation 32(2)(b)(ii) allows the award of a contract by a negotiated procedure where the services can only be supplied by a particular economic operator where competition is absent for technical reasons, and no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement.

2. Cabinet Member Introduction

- 2.1. I support the proposal to establish a block contract arrangement with One Housing Group which will secure capacity for Extra Care provision for older and disabled residents at competitive market rates whilst fulfilling our commitment to the payment of London Living Wage and meeting current inflationary pressures. The proposal will enable specialist provision to be retained locally and be available to Haringey residents enabling them to remain as independent as possible within a structured care environment. The proposal will promote better quality of service provision as it will facilitate the retention of staff within OHG and support their ongoing learning and development to enable them to deal with more complex cases and escalation of need.
- 2.2. In addition, the Medium-Term Financial Strategy sets out clear targets to be achieved through managing the market more efficiently and this arrangement will contribute directly to meeting these targets.

3. Recommendations

3.1. Cabinet is asked to:

- 3.1.1 Approve, pursuant to the Council's Contract Standing Order (CSO) 9.07.1(d), the award of a block contract to One Housing Group for the block purchasing of a total of 142 extra care units in three schemes (Protheroe House, Lorenzo House and Roden Court: 50, 52 and 40 units respectively) for an initial period of 3 years
- 3.1.2 Approve the costs for the block contract arrangement for the initial period of 3 years of £12m, or £4m p.a.
- 3.1.3 Approve the option to extend the contract for a further 2 years at an additional cost of £9m or £4.5m p.a. for each year of the extended contract
- 3.1.4 Note total costs of £21m over the life of the contract which would run from 1st April 2020 to 31st March 2025 if the option to extend were taken up

4. Reasons for decision

- 4.1 The Council is committed to paying rates for care compatible with the payment to care workers of the London Living Wage. The Council currently commissions on a spot purchasing basis a total of 142 units in three extra care schemes (Protheroe House, Lorenzo House and Roden Court) with OHG. Ten of these units are currently provided as shorter-term intermediate care beds but given demand and the profile of service users over time, all 142 units will be offered as long-term care under the proposed block contract arrangements. By converting the above current arrangements to a long-term block contract, the Council will achieve better value for money for local specialist provision whilst fulfilling the current LLW requirement.
- 4.2 Furthermore, the Council has negotiated competitive rates with this supplier as there is a limited market locally. The Council was not in a position to establish a new block contract for the Extra Care provision via an open tender process as there are no provisions of a similar size in Haringey or sub-regionally capable of meeting the requirement to support all current service users in services.
- 4.3 Moreover, residents who live in extra care housing have assured shorthold tenancies. It would neither be feasible nor desirable for the Council to demand service users to give up their rights of tenure as moving current service users to alternative provision would prove very disruptive to residents, contrary to the wishes of relatives and families and would also run counter to the principles in the Care Act (2014) to offer choice and control to residents. Finally, the accommodation, as well as the care and support, is provided by One Housing Group which is the only basis on which the provider has agreed service provision, and therefore, an alternative care provider would not be a viable option on this occasion.
- 4.4 Furthermore, by setting up a block contract with OHG, the Council is able to negotiate exacting service delivery terms and quality standards for older and disabled residents in need of care and support. The arrangement will achieve

improved service quality as staff retention within the provider will be promoted and their ongoing learning and development will be supported; this will facilitate acceptance of more complex referrals.

- 4.5 The proposed arrangement will also yield efficiencies when applying the LLW requirement in commissioning costs by securing a reduced purchasing rate per placement through a block contract as compared to the existing contractual arrangements. As part of the proposed block contract arrangement, the move to the LLW rates will take place in a phased approach and will be reflected in the current pricing structure. It will include voids and bad debts allowances at all three extra care schemes as well as the application of care staff enhancements which will form part of the provider's Care Staff Benefits recruitment and retention initiative.
- 4.6 Commissioners have negotiated a favourable rate for core services for the Extra Care provision which is in accordance with the costings for other home care and home care related services and within the context of the Council and OHG's shared commitment to paying LLW and anticipated inflationary pressures. The proposed block contract marks a significant shift from current contractual arrangements and offers an increased level of certainty for both the Provider and Haringey residents.
- 4.7 Through the introduction of LLW to the pricing structure of the three extra care schemes, the Provider will continue to attract and retain more experienced, skilled employees and the proposed rates will match those of other extra care schemes (both delivered by the Provider and other organisations delivering extra care sheltered housing) in neighbouring Boroughs which are already paying LWW. This is critically important in the wider strategic context of retaining staff skilled in enabling people to continue to live in community settings, with the requisite support to lead healthy and fulfilling lives.

5. Alternative options considered

- 5.1 The alternative options available to the Council were to 'do nothing', to conduct an open tender arrangement, to commission a new block arrangement for the Extra Care provisions with OHG, to decommission or to deliver in-house. These options were considered but not taken forward for the following reasons:
 - 5.1.1 The first option, to 'do nothing', would mean the Council would continue to pay spot contract rates for the provision of extra care, including full void premiums instead of negotiating an improved void management strategy and minimal payments thereof and posing a risk to payment of LLW. The non-payment of LLW pay rates adversely has an impact on the Provider's ability to attract and retain good quality, trained and motivated care staff as they would compete with neighbouring boroughs for staff which pay more competitive rates. Moreover, the payment of LLW is in line with the Council's commitment through the Ethical Care Charter to LLW in the care sector where care workers are often poorly remunerated.
 - 5.1.2 The second option was for the Council to establish a new block contract for the Extra Care provision via an open tender process. This has not been pursued

because there is a limited market for Extra Care services locally and there are no provisions of a similar size in Haringey or sub-regionally capable of meeting the requirement to support all current service users in services. Importantly, residents who live in extra care housing have assured shorthold tenancies. It would not be desirable for the Council to require service users to give up their rights of tenure in order to tender and then decant them to another provision if it existed. Even if there was capacity in the market to meet the need for Extra Care services, moving current service users to alternative provision would prove very disruptive to residents, contrary to the wishes of relatives and families and would also run counter to the principles in the Care Act (2014) to offer choice and control to residents. . Moreover, the accommodation, as well as, the care and support is provided by One Housing Group which is the only basis on which they have agreed service provision, an alternative care provider therefore is not a viable option.

- 5.1.3 Another option considered was decommissioning the service, which was not considered a valid option as this model of care and support is a progressive way to offer vulnerable people care and support whilst maintaining their community links and independence and the residents within the schemes would still require care and support. There is a paucity of this provision generally and the only alternative would be residential care, which is not suitable for those residents who can and do want to remain and independent as possible in their communities. Moreover, the cost of residential care would be higher and place strains on an already challenged budget for adult social care.
- 5.1.4 The final option considered was developing an in-house provision to support service users. This, however, was discounted at this time as the delivery of care and support are integral to the provision of accommodation and the Council does not have the property portfolio adapted to deliver this service.

6. Background Information

- 6.1 The Council in partnership with OHG has offered provision for Haringey residents in three extra care schemes: Protheroe House, Lorenzo House and Roden Court, a total of 142 units. Ten of these units are currently offered as shorter-term intermediate care beds but given demand and the profile of service users over time, all 142 units will be offered as long-term care under the proposed block contract arrangements. The service caters for Haringey residents who are Care Act eligible aged 55 years or over with various needs such as frailty, complex needs, physical disabilities, mental health needs, dementia and learning disabilities. The Care Quality Commission has consistently rated the services provided as Good or Outstanding.
 - 6.1.1 Protheroe House is an extra care scheme for the over 55s, consisting of 36 one-bedroom and 14 two-bedroom self-contained apartments. The extra care support is offered with personal care, practical matters and companionship/social support. The Landlord for the scheme is OHG who also provides the care commissioned. Haringey Council has 100% nomination rights.
 - 6.1.2 Lorenzo House is an extra care scheme for over 55s, consisting of 44 one-bedroom and 8 two-bedroom self-contained apartments. The extra care support

is offered with personal care, practical matters and companionship/social support. The Landlord for the Scheme is OHG who also provides the care commissioned. Haringey Council has 100% nomination rights.

6.1.3 Roden Court is an extra care scheme for over 55s, consisting of 17 one-bedroom and 23 two-bedroom self-contained apartments. The extra care support is offered with personal care, practical matters and companionship/social support. The Landlord for the Scheme is OHG who also provides the care commissioned. Haringey Council has 100% nomination rights.

6.2 Extra Care housing provides older and disabled people with access to on-site personal care, community health and housing support services in order to maintain independent living in a community setting. The service is targeted at those with various levels of need, including complex needs, who have been assessed as needing this level of support and are Care Act eligible. Individuals hold an assured tenancy and live in a self-contained flat with their own front door, supporting their autonomy and quality of life. The service provides a range of activities and its key outcomes are:

- Enablement of service users to maintain independence by adopting a “doing with” approach to supporting service users in the activities of daily living
- Support of service users to live independently without risk to themselves or others.
- Promotion of social inclusion through a combination of support, and access to a programme of activities on site and community facilities off site
- Provision of a safe, welcoming, good standard of accommodation
- Provision of a meals service available to all service users whenever possible
- Promotion of optimum health, wellbeing and quality of life to maximise independence
- Reduction in admissions in residential and nursing care

6.3 The Extra Care provision delivered by OHG has been commissioned by Haringey council on a spot purchasing basis since its commencement. The introduction of the desire to pay LLW and the interest in securing provision of this type for the benefit of Haringey residents have highlighted the need to move towards a block contract arrangement with the provider, thus achieving competitive rates through economies of scale and better value for money. Furthermore, moving to a block contract arrangement will ensure the continuity of service provision at a local level, including that the current residents do not experience any disruptions in the quality of service delivery.

6.4 With the introduction of the commitment by Haringey Council to pay providers a London Living Wage (LLW) rate and in light of current inflationary pressures, entering into a block contract arrangement with this provider will result in the Council achieving good value for money from local provisions. The proposed block contract arrangement will convert existing contractual arrangements in order to ensure that the Council achieves competitive weekly rates, retains in-borough specialist supply for the Extra Care provision and avoids any disruption in the current service delivery.

6.5 The contract has provision for regular contract management and monitoring to ensure care outcomes and key performance indicators are delivered in ways which will deliver high quality outcomes for residents and their families, foster partnership working and seek continuous service improvement. For both the Council and One Housing Group the arrangements proposed here will serve to develop a working partnership which will ensure high quality provision for local residents into the future.

7. Contribution to strategic outcomes

7.1. The project is directly linked to the delivery of the Borough Plan 2019- 2023 and specifically to the People Delivery Plan Outcome 7 *'All adults are able to live healthy and fulfilling lives, with dignity, staying active and connected in their communities'* and 7b1 *'People will be supported to live independently at home for longer'*.

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

8.1. Finance

8.1.1 This is a request to award 3 + 2-year contract with a total contract cost of £21m over 5 years. This will be met from existing resources within Adult Social Care, which is fully funded from the General Fund and assumed to continue in future years. Funding budgets will be derived from existing spot purchasing budgets for One Housing, additional Extra Care LLW growth and residential care purchasing budget (for existing and new residential clients that will be transferring over to new One Housing service). There is sufficient funding to cover the full cost of this contract.

8.2. Procurement

8.2.1 This report relates to services which are subject to the Light Touch Regime under the Public Contract Regulations (PCR) 2015.('the Regulations) . The Regulations usually require the publication of a contact notice and full tender process. However, under Regulations 32(2)(b)(ii) a contract may be awarded via negotiation without publication of a contract notice where competition is absent for technical reasons, which is not a result of artificial narrowing of the parameters of procurement.

8.2.2 Competition is absent due to nature of the service; accommodation via assured short-hold tenancies as well as extra care and support to enable residents to continue to live as independently as possible in their tenancies without the need for long term residential care. There is a sparsity of provision of this nature in the borough and OHG is one of only a few providers in the borough, but none can rival its capacity to provide the 142 places required.

8.2.3 This procedure is permitted under Contract Standing Order 9.01.2(g) and the Procurement Code of Practice.

8.2.4 Commissioning has negotiated the price for the block contract which has ensured the price agreed for care and support is commensurate with prices paid in North Central Boroughs and the Council's fair wage policy. The Council's liability to pay for voids has been reduced, coupled with a robust voids' management strategy should mean void provision is kept to a minimum. The block contract price provides best value and is provided for within the mid-term financial savings target, as well as, in line with the procurement strategy for this category.

8.2.5 The contract will contain performance and management measures to ensure service outcomes are delivered and key performance indicators met. Regular monitoring is set up on a monthly basis in the first instance and then quarterly thereafter which will foster partnership working and the sharing of best practice and knowledge.

8.3. Legal

8.3.1 The Assistant Director of Corporate Governance notes the content of this report.

8.3.2 Pursuant to the Council's Contract Standing Order (CSO) 9.01.2(g) and Regulation 32 of the Public Contracts Regulations 2015, the Council may procure a contract through the negotiated procedure without prior publication of an advertisement following consultation with the Head of Procurement.

8.3.3 Pursuant to CSO 9.07.1(d), Cabinet may approve the award of a contract if the value of the contract is £500,000 or more and as such Cabinet has power to approve the award of the Contract in this Report.

8.3.4 The Assistant Director of Corporate Governance further comments are contained in Part B of this report.

8.4. Equality

8.4.1 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

- 8.4.2 Establishing a block contract arrangement with One Housing Group will secure capacity for Extra Care provision at competitive market rates whilst fulfilling the Council's LLW requirements and current inflationary pressures. The arrangement will enable specialist provision to be retained locally and be available to Haringey residents. The proposal will also promote better quality of service provision as it will facilitate the retention of staff within OHG and support their ongoing learning and development to enable them to deal with more complex cases and escalation of need.
- 8.4.3 Putting in place a block contract for the existing arrangements will also ensure that residents currently living in both schemes will not have to be moved to alternative accommodation. Moving current service users to alternative provision would prove very disruptive to residents, contrary to the wishes of relatives and families and would also run counter to the principles in the Care Act (2014) to offer choice and control to residents. Given the state of the market, therefore, there is no realistic alternative to awarding the block contract to One Housing Group.
- 8.4.4 One Housing Group, as a contracted provider to the local authority, will be expected to comply with the Equality Act 2010 in their employment practices and service conduct. They will be expected to demonstrate a strong commitment to making Haringey a fairer and equal borough for all. Equalities considerations will form part of performance monitoring and oversight.

9. Use of Appendices

- 9.1. None

10. Local Government (Access to Information) Act 1985

- 10.1. Not Applicable