

<b>Committee/Meeting:</b> Cabinet	<b>Date:</b> 7 September 2011	<b>Classification:</b> Unrestricted	<b>Report No:</b> CAB 032/112
<b>Report of:</b>  Corporate Director : Helen Taylor  <b>Originating officer(s)</b> Barbara Disney, Service Manager, Strategic Commissioning. Neil Langley, Strategic Commissioning Manager.		<b>Title:</b>  Award of contract for care and Housing Related Support in Extra Care Sheltered Housing  <b>Wards Affected:</b> All	

<b>Lead Member</b>	Cllr. Abdul Assad
<b>Community Plan Theme</b>	A great place to live A safe and cohesive community
<b>Strategic Priority</b>	Author to insert Strategic Priority(ies) supported by the proposal

## 1. **SUMMARY**

1.1 This paper requests that Cabinet considers the award of the new contract for Extra Care Sheltered Housing (“**ECSH**”) within the Adults Health and Wellbeing Directorate. It is the Directorate policy to focus on maximising the independence of assessed adults and provide for them the opportunity to access Extra Care Sheltered Housing (housing with care in situ), rather than a placement within a care home. Officers of the Directorate’s Commissioning Section have conducted a tender process and identified a suitable provider to support vulnerable adults in two new schemes: a new build, St Thomas House, being built by Gateway Housing in Stepney and comprising of 40 units; and a refurbishment, Shipton Street, being completed by Peabody Trust specifically for people living with dementia and situated in Bethnal Green.

This contract will be for the provision of care and for Housing Related Support (Supporting People). The St Thomas House project is due to come on line in December 2011 and the Shipton Street project by February 2012.

## 2. **DECISIONS REQUIRED**

Cabinet is recommended to:-

2.1 Note the contents of this report; and

2.2 Agree the award of five year contracts for the provision of care and

support services in respect to the Extra Care Sheltered Housing schemes at St Thomas House, Stepney and Shipton Street, Bethnal Green to Bidder A, commencing on a date to be determined by the Corporate Director, Adults Health and Wellbeing.

2.3 Authorise the Corporate Director, Adults Health and Well Being after consultation with Assistant Chief Executive (Legal Services) to agree the terms of the contracts referred to at paragraph 2.2. above

2.4 Authorise the Assistant Chief Executive (Legal services) to enter into all necessary documents to implement the decisions in paragraph 2 of this report.

### **3. REASONS FOR THE DECISIONS**

3.1 ECSH is seen as an alternative to care home provision and as such tenants at the higher end of the vulnerability scale will be accommodated in St Thomas House and Shipton Street. The care provider, Bidder A, will work with the Council and Gateway Housing (the Registered Social Landlord for St Thomas House), and with Peabody Trust (The RSL for Shipton Street) and will be expected to follow all national and local guidelines in the provision of support and will be expected to maximise the independence of each and every tenant whilst at the same time ensuring that their full potential for social inclusion is addressed. Each individual tenant will have their own Care Plan as assessed for by the authority's operational staff.

3.2 Where a placement in ECSH is appropriate to the needs of a Service User it gives greater value for money than a placement in a registered care home which would be the direct alternative to ECSH.

### **4. ALTERNATIVE OPTIONS**

4.1 The Council might choose not to proceed with the proposal to award these contracts, but this would limit the availability of ECSH and may require placement of service users in a residential care home. This might not be appropriate as the needs of the individual might not be such that the more intensive support provided in a registered care home may not be necessary, with the possible result of generating greater dependency and institutionalisation. Further, a placement in ECSH both maximises the independence of the individual and gives a better quality of life as well as being better value for money.

4.2 The Council might consider an alternative ECSH arrangement, but the proposed contracts are considered to be an appropriate way forward for the reasons given in the report.

## **5. BACKGROUND**

5.1 Extra care sheltered housing is dedicated to maintaining older people in the community who may otherwise be at risk of entering institutional care. It combines the dignity, privacy and independence of your own front door – purpose built accommodation in individual self contained flats – with the security and level of care provided by an on-site personal care and support team, available 24 hours a day.

5.2 Tower Hamlets currently has 161 units of extra care sheltered housing distributed across four schemes at Duncan Court, Donnybrook Court, Sonali Gardens and Coopers Court.

5.3 Sanctuary Care is the care arm of Sanctuary Housing and is the care provider at all four of the current schemes. Sanctuary Housing is also the housing provider at Coopers Court, and manages the housing on behalf of Circle Anglia who own the other three schemes. The contract for the current provision is with Sanctuary Care and the AH&W Directorate will run a procurement process from August 2011 with a view to awarding the contract in June 2012. The contract runs for five years and is in its fourth year. This paper is for consideration and addresses the award of the contract for the two new schemes.

5.4 Extra care sheltered housing in Tower Hamlets is a success. The quality of the provision is amongst the best in the country and the Sonali Gardens scheme has won national and international awards. There is a high demand for all four schemes. The provision of Extra Care Sheltered Housing contributes to the overall strategy for the provision of care and support to vulnerable people in the London Borough of Tower Hamlets. It is seen as a direct alternative to non-specialist residential care, as it maximises the potential for independence of the individual, whilst at the same time providing the support that enables people to remain an integral part of their community.

## **6. BODY OF REPORT**

6.1 A large scale tender exercise has been undertaken to identify a provider for the care in the two new schemes. This was a joint undertaking between the AH&W Strategic Commissioning Team and the Supporting People Team with advice and support being provided by Corporate Procurement. The timetable for the tender is attached, giving details of the stages of the tender process undertaken, (Appendix 1).

6.2 The tender attracted considerable interest. A total of 24 Pre-Qualification Questionnaires were returned. Provider organisations were asked to answer a series of searching questions (14) relating to their experience, understanding and skills in the provision of care to vulnerable adults. These answers were assessed and shortlisted to a long-list of 8 organisations that were invited to

tender. An example of the marking sheet for the assessment of these questions is attached as an appendix (Appendix 2).

6.3 Five tenders were returned. There followed a rigorous examination of these Tenders, which included, a further set of three questions. Providers were asked to cover in detail specific areas of expertise, including dementia which is the focus of the Shipton Street scheme. The Tender also had a requirement for the provider organisations to submit a price which was assessed by the panel with regard to value for money. All five organisations progressed to the final selection stage, reflecting the high quality of their tenders.

6.4 At the tender final selection stage the tendering organisations were interviewed by a Panel consisting of the Service Manager, Strategic Commissioning, managers from Strategic Commissioning and Older People's operational teams from Adults Health and Wellbeing plus the Service Manager of the Supporting People Team. Each organisation was asked a set of standard questions and to complete a presentation designed to test their professional and technical competence and to establish the value for money they offered.

6.5 Since the conclusion of the Tender process the decision has also been taken to the Tollgate Panel (19<sup>th</sup> July 2011) where it was reviewed and agreed by senior, independent officers of the Council, including the Service Head, Procurement and Corporate Programmes and the Contracts Team Leader from Legal Services.

6.6 As a result of the tender process it is recommended that a five year contract, for the provision of care and support be offered to Bidder A (care arm) for both of the new extra care sheltered housing schemes, St Thomas House and Shipton Street. Bidder A's bid satisfied both essential quality and financial evaluative criteria.

6.7 Officers will work with the provider, prior to residents taking up their tenancies, to ensure the service is of high quality and meets the needs of the Service Specification. Regular monitoring will continue to ensure the outcomes and outputs of the Specification. Complaints and Safeguarding are an integral part of the monitoring arrangements. A full review of the service will take place annually and a break clause will be included in the contract which will be invoked, should the provision fail to deliver outcomes of sufficient quality and responsiveness.

6.8 The tenants who will be provided with support in the two new Extra Care Sheltered Housing schemes at Shipton Street (13 units) and St Thomas House (40 units) would be provided with high levels of assessed care. In the two new schemes they will be supported by on site carers, at a cost substantially less than if they were to be supported in a care home. They will also be assessed to ensure income maximisation and make a financial contribution towards the cost of their care where appropriate.

6.9 ECSH is seen as a viable alternative to residential care, maximising the independence of the individual but at a substantially lower cost. The Unit Cost (hourly rate) tendered by Bidder A is £15.36. At a base number of hours (12.25) this results in an annual cost to the Council of £518,569. Given an average cost of residential care for each prospective tenant of £500 per week, the cost of keeping the same service users in residential care would be £1,378,000 pa. The saving to the Council, therefore, could be estimated as being £859,431 pa or £4,297,155 over the 5 year lifetime of the contract.

6.10 The provider identified, Bidder A, is an organisation that manages schemes across London, and, for St Thomas House and Shipton Street, will be required to employ people local to Tower Hamlets wherever possible. Bidder A have demonstrated, throughout their submissions, a commitment to aspects of legislation, national and local policy and the good practice that govern both quality service delivery and the support of those employed to provide care to the most vulnerable residents of Tower Hamlets.

6.11 In addition, Bidder A pay front line staff the London Living Wage. This contributes to the provision of quality care by securing strong recruitment and retention of staff and continuity of care, something which is of paramount importance when providing care to the tenants within Extra Care schemes who are some of the most vulnerable of Service Users.

## **7. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 7.1 As per section two of this report, Cabinet are asked to note the contents of this report and agree the award of a five year contract for the provision of care and support services in respect to the Extra Care Sheltered Housing schemes at St Thomas House, Stepney and Shipton Street, Bethnal Green to Bidder A, commencing on a date to be determined by the Corporate Director, Adults Health and Wellbeing.
- 7.2 As per paragraph 5.3 of the report, in line with the existing contractual arrangements with Sanctuary Housing, a procurement process will commence in August 2011 to award a contract starting in June 2012 for the provision of care for the existing four extra care housing schemes.
- 7.3 Paragraphs 6.1 to 6.5 set out the procurement exercise carried out by the Directorate. The procurement was completed in line with the Council's Procurement Policy and was advertised in the Official Journal of the European Union.
- 7.4 As per paragraph 6.7 and 6.8 of the report, the proposal is to award a five year contract to Bidder A for both the new extra sheltered housing schemes (provision of care and support) at a rate of £15.36 per hour at a base 12.25 hours per week per client.
- 7.5 Extra care sheltered housing allows clients to be supported on site by carers, at a cost substantially less than if they were to be supported in a care home

(paragraph 4.1). The average cost of a residential placement is £500 per week where as the average cost for an extra care sheltered housing placement is £188 per week, representing a difference of £312.

- 7.6 The financial benefits of the extra care sheltered housing scheme at St Thomas House and Shipton Street are set out in paragraph 6.8. The cost of providing extra care sheltered housing as opposed to residential care would realise savings of some £0.8m per annum. From this value the Authority will need to deduct the cost of providing the existing care packages for the clients that will move into the schemes. At this time the clients are unknown.

Any efficiency savings that can be realised by the Authority in respect of this contract will be pursued through the annual budget setting process.

- 7.7 A summary of the financial calculations are set out below:

*Extra Care Sheltered Housing*

Hourly rate	£15.36
Number of hours per client per week	12.25
Number of clients	53
Weekly cost	£9,972
Annual cost	£0.5m

*Residential Placement*

Average weekly cost	£500
Number of clients	53
Weekly cost	£26,000
Annual cost	£1.3m

Efficiency saving before deducting the cost of supporting the client in the community: £0.8m

- 7.8 In line with the Council's extra care sheltered housing charging policy, all clients in extra care are required to make a financial contribution towards their care. The level of income will depend on the individual clients concerned as it is means tested. It is therefore unable to say at this time of the value of income that will accrue to the Authority.

- 7.9 Any efficiency savings that can be realised by the Authority in respect of this contract will be pursued through the annual budget setting process.

8. **CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

- 8.1. The report proposes the award of contracts to provide care services within two sheltered housing properties. The council has the power and, in some cases, the duty to provide adult community care services. This includes the obligation under section 29 of the National Assistance Act 1948 to provide support services for specified categories of vulnerable adults who are ordinarily resident in Tower Hamlets. The council may enter into contracts to enable the delivery of services falling within its statutory functions. It will be for officers to ensure that the services described in the contract do fall within the council's statutory functions.
- 8.2. The council is obliged as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The report outlines the procurement process that has been undertaken, which complies with the council's procedures and helps demonstrate compliance with the best value duty.
- 8.3. Before awarding the contracts the council will need to have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't. Some form of equality analysis will be required.

## **9. ONE TOWER HAMLETS CONSIDERATIONS**

- 9.1. The recipients of extra care sheltered housing services are among the most vulnerable members of the community and are provided with a high standard of accommodation and person centred care. Ability to meet the needs of the diverse community of Tower Hamlets effectively was a key criterion in the evaluation of the tenders and Bidder A demonstrated understanding and experience of providing support to all Service Users of Tower Hamlets.
- 9.2. The tender process focussed throughout on the ability of the tendering organisations to provide for the diversity of potential tenants in the two new schemes. This was in terms both of cultural diversity and of diversity of need. The pre-qualification questionnaire (PQQ) gave prospective providers a clear picture of what was required from them and there were 14 questions asked of them as part of the short-listing process. These questions are listed in the PQQ marking matrix in Appendix 2. Regard was had to additional documents such as the joint strategic needs assessment (JSNA) and the Dementia Strategy.
- 9.3. The schemes in the Report are new and prospective tenants will be offered a place based on their need as assessed for through the Directorate assessing officers (Social Workers, in the main). It is likely that allocation based on needs will lead to places being offered so as in fact to favour persons with particular protected characteristics within the meaning of the Equality Act 2010, such as older people and people with disabilities. To the extent that this occurs, it is clearly in pursuit of the legitimate aim of maintaining older

people in the community who may otherwise be at risk of entering institutional care. This approach outlined in this report is considered to be a proportionate means of achieving this legitimate aim.

**10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

10.1 There are no SAGE implications in this proposal.

## **11. RISK MANAGEMENT IMPLICATIONS**

11.1 There are a number of different risks associated with the award of the extra care contract. The key risks are:

- i.) Under utilisation of the schemes.
- ii.) the organisation may not in the event have the capacity to sustain the outputs and outcomes required.

11.2 The above risks are considered acceptable in view of the levels of occupancy achieved across the current extra care sheltered housing schemes and the successful track record of Bidder A in this area. However, a range of mechanisms will be employed to deal with unanticipated risks. These include:

- i.) The inclusion of a no fault termination clause to end the contract if its continuance ceases to be in the Council's interests.
- ii.) The incorporation of an anti-fraud clause in the contract.
- iii.) The regular monitoring of the service provided to drive continuous improvement and proactively deal with service issues.
- iv.) Ongoing work with the provider to ensure that outputs and targets are realistic and appropriate for the amount of secured funding.

## **12. CRIME AND DISORDER REDUCTION IMPLICATIONS**

There are no specific crime and disorder reduction implications.

## **13. EFFICIENCY STATEMENT**

13.1 The ECSH tender was explicitly designed to maximise the efficiency and value for money of this service by identifying the provider who offered the best combination of quality and price. Further efficiencies have been obtained by offering contracts with 5 year terms which allow the successful provider to spread its start-up costs over a reasonable length of time and encourage it to invest in service development.

## **14. APPENDICES**

Appendix 1 – The tender timetable

Appendix 2 - The evaluation matrix for marking section F (quality and experience) of the PQQ.

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**Local Government Act, 1972 Section 100D (As amended)**  
**List of “Background Papers” used in the preparation of this report**

Brief description of “background papers”      Name and telephone number of holder  
and address where open to inspection.

**Non-exempt tender documents**

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