


<b>Cabinet</b>  27 <sup>th</sup> November 2019	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Denise Radley, Corporate Director Health, Adults & Children + Debbie Jones, Corporate Director, Children's & Culture	<b>Classification:</b> Unrestricted
<b>Update Report on Recommendation 8 - Future Delivery of Contract Services</b>	

<b>Lead Member</b>	Councillor Amina Ali, Cabinet Member Adults, Health & Wellbeing Councillor Danny Hassell, Cabinet Member Children's
<b>Originating Officer(s)</b>	Ronke Martins- Taylor, Divisional Director Youth and Commissioning Claudia Brown, Divisional Director Adult Social Care
<b>Wards affected</b>	All Wards
<b>Key Decision?</b>	No
<b>Forward Plan Notice Published</b>	N/A
<b>Reason for Key Decision</b>	N/A
<b>Strategic Plan Priority / Outcome</b>	A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough: <ul style="list-style-type: none"> <li>The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement.</li> </ul>

### **Special Circumstances Justifying Urgent Consideration (also known as 'Reasons for Urgency')**

At a recent meeting of the Health Scrutiny Sub-Committee it was requested that this update report be brought to Cabinet at the earliest opportunity. The report was prepared but had missed the regular deadlines for report preparation in the standard report cycle for November Cabinet. Given that the report is for noting, it has been finalised outside of the statutory deadline.

### **Executive Summary**

- 1.1. Following the February 2019 Cabinet meeting, a Project Board was set up in May 2019 to progress on delivering all the recommendations set out in the *Recommendations for the future delivery of Contract Services – resolving the deficit position* Cabinet report.

- 1.2. This paper provides an update on progress that has been made on delivering Recommendation 8 set out in the February 2019 Cabinet report which read “*In partnership with Adult Services undertake further work collectively to assess alternative delivery options and the future operation/function of the CPU<sup>1</sup>.*”
- 1.3. Following a review of options, work has commenced to review all 160 current recipients of meals on wheels and engage with them on suitable alternative ways to meet their needs. This is in line with the focus on promoting independence and choice and the medium term financial strategy in relation to transformation of adult social care which includes reviewing how we meet the needs of those who need support around nutrition. The number of people using meals on wheels has dropped significantly over the last five years and most local authorities no longer provide the service. For those with eligible needs under the Care Act, appropriate support arrangements will be put in place.
- 1.4. The cost of a meal is not competitive and is heavily subsidised (around £330,000) by adult social care budgets which face huge financial pressures. In addition the level of deficit for the service in Contract Services is significant and growing at a projected £321,000 this year.
- 1.5. Estimated ER/VR<sup>2</sup> redundancy costs for the closure of Contract Services Welfare Meals has been calculated at this stage to be £239,770 however, this does not take into account pension related costs. It was confirmed at the Corporate Leadership Team on 8<sup>th</sup> October 2019 that these costs will be covered corporately.
- 1.6. An appraisal of the CPU Education Meals Service has been undertaken including its broader use for hospitality services, training, events, holiday hunger programme, menu/recipe development, apprenticeships and meals to day centres. It is therefore recommended that the CPU continues to remain open and additional trading options are explored.

## **Recommendations:**

The Mayor in Cabinet is recommended to note:

1. The update provided in this report and the summary of the Equalities Impact Assessment undertaken for service users and Contract Services employees affected by the change of service delivery for meals to clients.
2. That the CPU will remain open and Contract Services will work with Corporate Asset Management to identify additional leasing or trading opportunities.

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<sup>1</sup> CPU – Central Production Unit

<sup>2</sup> ER/VR – Early Retirement/Voluntary Redundancy

## **2. REASONS FOR THE DECISIONS**

This report provides an update on actions agreed in the Cabinet decision of February 2019.

The Council is obliged as a best value authority under Section 3 of the Local Government Act (1999) to “make arrangement to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness”.

## **3. ALTERNATIVE OPTIONS**

**Do nothing:** This option is not recommended as it would result in Contract Services continuing to have annual budget deficits and will not address the changes set out as part of the transformation of adult social care.

Other options considered were outsourcing the meals on wheels service and Contract Services continuing to operate the service on a commercially viable basis. Both of these options were not recommended as set out in the report.

## **4. DETAILS OF THE REPORT**

This paper provides an update on progress that has been made on delivering *Recommendation 8 of the future delivery of Contract Services – resolving the deficit position. The original report was presented to Cabinet in February 2019.*

### **4.1 Project Board**

4.1.1 In May 2019 a Project Board was set up to oversee progress on delivering the agreed recommendations set out in the report. The Project Board has a dedicated Project Manager which has been allocated by the Project Management Office. The Board is comprised of representatives from:

- Human Resources
- Contract Services
- Finance
- Communications

4.1.2 The Project Board is chaired by the Divisional Director for Youth and Commissioning and it meets fortnightly. The meetings have:

- Clear terms of reference for the project board and members
- Developed a project brief that describes what the aim of the project is and why the council is doing it
- Developed a project timeline
- Set out the risks, assumptions, issues and dependencies

- 4.2 Recommendation 8 of the *future delivery of Contract Services – resolving the deficit position* Cabinet report stated “*in partnership with Adult Services undertake further work collectively to assess alternative delivery options for Welfare meals and the future operation/function of the Central Production Unit.*”
- 4.2.2 Since February the Contract Services Project Board, working with Adult Social Care as the main purchaser of the welfare meals service, have undertaken a review of alternative delivery options for the welfare meals service.
- 4.2.3 The take up of meals on wheels services has reduced in recent years from 350 in 2015 to 160 in 2019 and many people choose other options to meet their needs.
- 4.2.4 There are a number of ways Adult Social Care can meet its duties in line with the Care Act with regards to people with needs around food and nutrition. These include direct provision, signposting to a range of alternative options and providers and if eligible, provided with a direct payment or support to meet these needs.
- 4.2.5 A review and analysis of the existing service and costs has been undertaken. The current service is expensive, costing Adult Social Care £330,000 through an annual subsidy representing approximately £9.84 per meal. In addition, Contract Services has a projected year end deficit of approximately £321,000 for 2019/20 which is an increase on the previous year. A significant saving across Adult Social Care and Contract Services can be realised by moving support to a more cost effective model and Adult Social Care is confident this can be done whilst continuing to meet people’s eligible needs. Both divisions where these services sit face extreme budget pressures which must be brought back in line.
- 4.2.6 The review undertaken was in line with the wider focus on supporting service user independence and will assist in reducing extreme budget pressures faced by adult social care. The overall approach was set out in the Council’s Medium Term Financial Strategy which included a programme of work on the transformation of adult social care.
- 4.2.7 The options for the future delivery of the Welfare Meal Service that were considered included the following:
- i. Maintaining the status quo
  - ii. Outsourcing the provision of Welfare Meals
  - iii. Supporting service users to take up alternative ways to meet their needs around food and nutrition either through signposting to other services or through a direct payment or care support if eligible needs are identified following a Care Act Assessment
  - iv. Contract Services continuing to operate meals on wheels on a viable, commercial basis offered to a range of customers but without any subsidy from Adult Social Care

4.2.8 To meet the aims set out above, the only viable option identified was iii. The main factors being:

- Maintaining the status quo is not feasible given the significant budget pressures and forecast overspends in both Adult Social Care and Contract Services.
- The model of provision is not in line with strengths based approaches which are the way in which adult social care is now delivered – support needs to be focused on promoting independence in line with the Care Act. Around 60% of local authorities no longer provide meals on wheels.
- Outsourcing – the market is limited with major national players pulling away from the market. It is not envisaged that meals on wheels will be a growth area as demand for the service has reduced considerably over five years.
- Affordable meals are widely available on the high street and the borough also has a range of lunch clubs and community based services which include meals.
- Affordable frozen meals are available as an option for delivery to service users who wish to take up this service.
- The high cost of Welfare Meals has become unsustainable for Contract Services compared to the competitive wider market offer.

4.2.9 As a result of the review Adult Care Services developed a process of engagement with the 160 users of the current service users which has now commenced. Just over half of these residents receive other care services and in these cases the review will count as the regular annual review of their care and support arrangements. All 160 residents will receive a personalised approach and if the person is not eligible for support under the Care Act, they will be signposted and supported to put alternative arrangements in place. There is a wide variety of needs across the 160 individuals. This approach is consistent with legislation, good practice and a strengths based approach which is the foundation of the service.

4.2.10 A key benefit of the new approach is that it delivers a modernised and personalised approach which promotes choice and control over the way individuals receive support and provides opportunities for re-abling, upskilling and building independence and resilience.

4.2.11 All service users have been written to explaining that there will be changes to the meals on wheels service and that an individual meeting will be arranged. 101 reviews have commenced and to date 12 people now have alternative arrangements in place as follows:

- Wiltshire Farm Foods
- Daughter will purchase food
- Family to purchase ready meals
- 4 x service user will prepare meal independently
- Service user will reheat ready meal. Family will support to buy freezer.

- 2 x referrals for Re-ablement
- Moved in to nursing home (this change of circumstance arose from a significant change in need and not the review of meals on wheels)

4.2.12 A project plan and communications plan are supporting the work to engage with the existing service users and consult them on the best alternatives to meet their needs. It is envisaged that this work will be fully completed by February 2020 such that no further meals on wheels deliveries will be required.

4.2.13 Meals are also delivered to day centres in the borough including three run by the Council – there are no changes to these proposed arrangements at this time although Adult Care Services will in due course be reviewing these arrangements.

- Russia Lane, for people with dementia, typically have 12 meals delivered per day
- Riverside Day Service typically have 15 meals per day
- Day Opportunities at Stepney Way typically have 3 meals per day

4.2.14 Adult Social Care and Contract Services will continue to work together closely as staff consultations in Contract Services will need to run alongside the reviews and discussions with service users. There are currently 23 members of staff in Contract Services likely to be directly affected by these changes.

4.2.15 Other costs associated with the closure of Welfare Meals include the following:

- i. **Van hire:** 3 diesel or petrol delivery vans are hired at a cost of approximately £500 per month. The vehicles are on a 1 year contract which expires in May 2020 but the lease company has said with three months' notice they will not hold Contract Services to that end date. Providing 3 months' notice is given, there will be no ongoing diesel or petrol van hire costs should the service close within the current financial year.
- ii. **Electric vehicle van hire:** There is one electric van leased on a 3 year contract. If the Welfare Meals service were to close down within the financial year, there would be two full years of the lease outstanding, for which there would be a cost of £3,500 per year plus VAT to pay.
- iii. **Accommodation:** The Welfare Meals Service currently hire's accommodation from the Council at Toby Lane at an annual cost of £6,300.

4.2.16 Excluding any redundancy costs the projected budget deficit for Welfare Meals 2019/20 based on Month 6 is £321,000. As a one-off, during 2019/20 the budget deficit is likely to increase as meal income is reduced and other

costs associated with the final closure of the service and departure or redeployment of staff is completed.

- 4.2.17 Adult Social Care day centre meals will be provided as part of the education delivered meals service from the CPU at Toby Lane. This is economically viable as day centre meals can be provided during the school holidays covered by existing full-time catering staff and casual drivers.
- 4.2.18 This part of the phased Contract Service restructure will be conducted in accordance with the Council's Handling Organisational Change Procedure. The formal process will commence at the end of November 2019.

## 5. Central Production Unit Education Meals Service Appraisal

- 5.1 **Background:** The Central Production Unit (CPU) was opened in 2005. One half of the CPU is utilized by the Welfare meals service and is open 365 days per year. The other half is dedicated to Education and Hospitality transported meals service and operates mainly during term time. Toby Lane also has a separate small preparation kitchen which is used as a back-up kitchen for hospitality cold buffet preparation.
  - 5.1.1 On a daily basis 1800 meals are prepared and cooked in CPU. Over 87% of the meals are freshly prepared and cooked. The CPU also prepares special diets including religious, vegetarian, vegan, gluten and dairy free. Over 88 individual special diets are delivered daily to pupils with allergies and food intolerances.
  - 5.1.2 Trialing of all new recipes for Tower Hamlets Contract Services menus takes place at the CPU. This is an important task as Contract Services continually works towards creating new menus and recipes that are low in salt, sugar and fat in order to meet and exceed the standards set by Government, Tower Hamlets Public Health Team and Healthy Lives Team.
  - 5.1.3 This team also produce 1700 hot meals a year for external training events; and prepare freshly made hospitality buffets for 35 external hubs including at Mulberry Place, Community Centres and Idea Stores.

**Innovative Areas of the CPU's work:** The CPU undertakes other innovative areas of work including:

- 5.1.3.1 **SEND employment and training:** Undertaking work with the Tower Project's JET Service to provide 4 places a year in specialist catering training in council kitchens, for people with learning disabilities. Two people with learning disabilities have now been permanently employed by Contract Services and one externally with TGI Fridays. Clients who complete a year-long paid placement at Toby Lane gain valuable catering and food preparations skills, that enable them to gain employment after the program.

- 5.1.3.2 **Apprenticeships:** The CPU offers student apprenticeship placements from local Secondary schools in the summer term for catering work experience. All students benefit from training in school food services which exposes them to potential long-term contract catering career opportunities.
- 5.1.3.3 **National School Meals Week:** For the last 5 years the CPU Education team has participated in the annual LACA “National School Meals Week” when they serve a hot school meal to MPs in the Houses of Parliament.
- 5.1.3.4 **Provision of meals to Day Centres:** The CPU will continue to provide meals for Day Centres including Russia Lane, Riverside, Stepney Way and Appian Court which is a private service for older people run by Age Concern. Adult Social Care will in due course also be reviewing the arrangements for meals in the in house day centres.
- 5.1.3.5 **Holiday Hunger:** As part of the holiday hunger programme Contract Services was asked to supply packed lunches to the Sport & Physical Activity Summer Food Programme 2019. The programme ran for 4 weeks and 8899 freshly made healthy packed lunches were delivered to 14 sites daily around the Council from the CPU.
- 5.1.4 It can be seen that the CPU is central for the delivery of high quality healthy meals; hospitality services; training and apprenticeship opportunities; the holiday hunger initiative; menu and recipe development; and day centre meals. This makes it a vital facility for the continued future development of the catering service and potential growth opportunities. It is therefore recommended that the future operation of the CPU remains open and additional trading opportunities are sought to increase efficiencies to offset costs.
- 5.2 Options for the future use the CPU’s vacated Welfare Meals site**
- 5.2.1 The following options for the future of the Welfare Meals CPU site are being considered:
- 5.2.2 **Option 1 - Lease out the vacant Welfare Meal space in the CPU:** The space in the CPU that is used to produce Welfare Meals is an excellent full-production kitchen facility with ample refrigeration and storage capacity. This could be leased out to an external catering company and would generate additional income. Work will be undertaken with Corporate Asset Management to explore this option further.
- 5.2.3 **Option 2 - Create a dedicated catering training facility:** Once Welfare meal production ceases, the kitchen space could be used as a training centre for catering staff. The facility would allow



Contract Services to reintroduce practical training courses and ensure the catering workforce are trained to a high level which, in turn, will offer improved service standards and development opportunities for staff. However, this option will not generate additional income.

5.2.4 **Option 3 – The development of an improved Hospitality service:** Contract Services could use the CPU space to start an improved hospitality service. This service could use the CPU welfare facility and would extend hospitality provision to cover evenings and weekends. Opportunities for hospitality include corporate functions and weddings etc. Contract Services would charge a competitive rate for hospitality services provided and this would generate additional income.

5.2.5 The options detailed will be given further consideration by the Project Board.

## 6 EQUALITIES IMPLICATIONS

6.1 A full equality impact assessment has been undertaken that considers the impact on service users and staff. The equality impact assessment has revealed that due to the changes being followed there will be an adverse impact as follows:

<b>Target Group</b>	<b>Services Users 160</b>	<b>Contract Services Staff 23</b>
Race	Neutral	Neutral
Disability	Neutral	Neutral
Gender	Neutral	Neutral
Religion or Belief	Neutral	Neutral
Age	Neutral	Neutral
Other Socio-economic (Low income)	Neutral	Adverse

6.1.1 To mitigate the impact of the changes an action plan will address the issues as follows:

### 6.2 **Service Users**

6.2.1 All current meal recipients will be supported, during a personalised, holistic individual review; to identify affordable alternatives to the current welfare meals offer to ensure their disability and any socio-economic situation are not adversely affected. There are a wide range of options including supermarket deliveries and delivery services that are around or under the current cost of welfare meals (£3.50 per meal). Any risk that service users cannot get to shops to purchase alternatives (e.g. due to mobility issues) can be mitigated

through considering food delivery options. Any risk that service users cannot store, heat or prepare affordable alternatives can be mitigated against and the local authority will consider supporting people to purchase items such as microwaves if required. The review will also consider a person's own community resources and the support network around them. Any risk to putting an increased burden on unpaid carers will be mitigated against and carer assessments will be offered where needed.

- 6.2.2 Any risk of reduced social contact as a result of not receiving the welfare meals service will be identified and addressed at the review. Service users will be supported to access support (e.g. befriending) or activities (e.g. via LinkAge Plus) as appropriate.
- 6.2.3 Any safeguarding risks will be identified and address at the review. Service users will only stop receiving meals from the service once they have been supported to find a suitable alternative option that does not pose any safeguarding risks. Addressing any risks will depend on individual circumstances, but can include – for example – Assistive Technology or Telecare.
- 6.2.4 Where the situation is assessed to be in need of a review after a short period, these will be set up between 4-10 weeks following the initial service change or at other intervals as considered appropriate.
- 6.2.5 Everyone who has assessed eligible needs for support will have that support provided, which may include the provision of additional services. For example, an additional visit around meal times.
- 6.2.6 Users of the service will be provided with information on how to maximise their income and will be signposted to financial advice services.

### **6.3 Staff – Impact of redundancy**

- 6.3.1 This is a one-off change which will directly affect 23 staff currently employed by the service irrespective of their protected characteristics commencing from the Autumn of 2019 with the completion of the closure expected by mid-2020.
- 6.3.2 Staff will be advised of redeployment opportunities within the council.
- 6.3.3 There are statutory and contract-related processes for compensating staff for the effect of redundancy and additional actions are not required.

## **7. COMMENTS FROM HUMAN RESOURCES (HR)**

- 7.1 Changes across the whole of Contracts Services are proposed to take place in phases over a period of 8 months and will impact some 213 employees. The main changes that are proposed include Service cessation and outsourcing. The resultant people impact of the proposed changes, are organisational exits via redundancies, redeployment and TUPE of staff to new suppliers.

- 7.2 The Council's Handling Organisational Change Procedure will be used to mitigate any adverse impact and will support staff during this period of change. A number of mitigations will be put in place such as one-to-one meetings with impacted employees, granting early access to redeployment list, providing opportunities to exit the organisation voluntarily, via ER/VR, and offering developmental opportunities to enable employees to seek alternative suitable roles within the wider organisation or beyond.
- 7.3 The nature of these changes can be unsettling for employees especially within the context of current wider organisational changes. Contract Services management will ensure that impacted employees are kept up to date, regularly, through varied communication channels. Also, management will ensure that through due process engagement and consultation is undertaken, through this period of change, with Trade Unions accordingly.
- 7.4 Full Equality Impact Assessments will be undertaken as required. This is to ensure that any resultant adverse impacts are properly managed by Contract Services management with HR support

## **8. OTHER STATUTORY IMPLICATIONS**

- 8.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
  - Consultations,
  - Environmental (including air quality),
  - Risk Management,
  - Crime Reduction,
  - Safeguarding.
  - Data Protection / Privacy Impact Assessment.
- 8.2 **Best Value Implications:** 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 Mayor in Cabinet is asked to note the progress set out in this report.
- 8.3 **Consultations:** Any necessary staff consultations will be undertaken as part of the implementation of the Council's Handling Organisational Change Procedure. Consultation with affected service users is being undertaken through one-to-one discussions with the 160 people affected by the change – this is proportionate and allows an individual and personalised approach to alternatives.

## **9 COMMENTS OF THE CHIEF FINANCE OFFICER**

- 9.1 The Welfare Meals service is delivered by Contract Services for Adult Social Care. In 2019-20 the estimated net cost of delivering the service is £651,000 (£330,000 subsidy from Adult Social Care and a £321,000 deficit on running the service for Contract Services).
- 9.2 Given the proposed changes to the welfare meals provision, financial analysis has been undertaken to understand the impact of these and support towards the significant budget pressures both services face.
- 9.3 For Contract Services, closure of the Welfare Meals provision will remove the deficit incurred to run the service.
- 9.4 For Adult Social Care it is estimated that an annual saving of between £200,000- £300,000 will be achieved through the move to a personalised approach and ending the commissioning of meals through Contract Services. These estimated savings are based on the removal of the Adult Social Care subsidy of £330,000 to provide meals, partially offset by estimated costs of £25,000-£130,000 to provide additional support to individuals who require it under the Care Act. Once all of the alternative arrangements have been put in place work will be undertaken to validate the total saving for Adult Social Care, which will support delivery of the £1m Adult Social Care Transformation saving in 2020-21.
- 9.5 One-off costs of £7,000 will be incurred to end the lease for the electric van. At present it is estimated redundancy costs for staff who deliver the Contract Services Welfare Meals operation will be £239,770, plus any pension related costs. It has been confirmed these costs will be covered corporately.
- 9.6 At present Contract Services are charged £6,300 for renting the space to Toby Lane to provide Welfare Meals by the council. Work is underway to consider alternative options for the use of this space, however if no option is deemed suitable it will result in a loss of income to the councils general fund.

## **10 COMMENTS OF LEGAL SERVICES**

- 10.1 This report is a noting report and as such does not raise any new legal issues beyond those raised in the original report.
- 10.2 The actions taken to date referred to in each update are compliant with the legal advice sought and also the legal commentary of the original report. In particular the activities undertaken with respect to service users with an assessed nutritional need (Paragraph 3.8) demonstrate compliance with the Council's legal obligations under the Care Act 2014.
- 10.3 The Council has the legal power to undertake any of the future options relating to the vacation of the CPU Welfare Meals Site.
- 10.4 The Council also has the legal power to explore different trading options for the

retained Education Meals Service including the sale of meals to other organisations as well as to undertake the other actions highlighted under this section of the report.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- Cabinet Report February 2019 - Recommendations for the future delivery of Contract Services – resolving the deficit position.

### **Appendices**

- None

### **Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012**

- NONE

### **Officer contact details for documents:**

N/A