

Report to the Cabinet Member for Adults Services

August 2021

Procurement and Contract Management of Highwood Mill, Extra Care Scheme

Report by Head of Commissioning, Adults and Health

Electoral division(s): All

Summary

Highwood Mill is an Extra Care Housing Scheme in Horsham which opened in 2016. It is a mix tenure scheme of 105 bed properties; 70 affordable rental flats 50 of which Adult Social Care nominate potential tenants to, 20 are direct allocations by Saxon Weald and the remaining 35 units were sold outright by Saxon Weald Housing Association when they set up the scheme.

Adult Social Care currently hold the list of potential tenants to the service for the 50 units and all potential tenants on the list have assessed care and support needs.

Saxon Weald Housing Association originally developed the extra care scheme using their own investment and so procured the care contract for the social care support provided within it.

The current care contract (3 years with 2 years extension) is due to come to an end in January 2022 and Saxon Weald have asked West Sussex County Council (WSSCC) to take over the procurement of the care contract and future contract management at Highwood Mill for two reasons:

- To develop the service in line with the other commissioned care contracts they hold within West Sussex.
- To ensure consistent and successful contract management of the onsite care and support provider

Recommendations

The Cabinet Member for Adults Services is asked to approve;

- (1) the commencement of a procurement for the care contract within Highwood Mill extra care scheme, to commence in August 2021, using the "call off" process within the current WSSCC Care and Support in Extra Care Housing Dynamic Purchasing System (DPS); and
- (2) the delegation of authority for the award of the contract and any subsequent awards, within the agreed DPS Framework, to the Executive Director of Adults and Health. The care contract will commence in January 2022.

Proposal

1 Background and context

- 1.1 West Sussex County Council (WSCC) has a programme of extra care developments in place with two additional schemes coming online in this financial year. There are currently 569 extra care housing units across 14 extra care schemes within the county and another 108 extra care units in the two schemes underway.
- 1.2 Highwood Mill is an Extra Care Housing Scheme in Horsham offering 105 apartments which are a mixture of 1 and 2 bedroomed homes which opened in 2016. This is currently the largest extra care scheme in West Sussex that Adult Social Care can nominate to. It has a mixed tenure of 70 affordable rented properties of which Adult Social Care nominate to 50, as well as 35 apartments that can be purchased privately. 20 affordable rented apartments are currently nominated to by Saxon Weald.
- 1.3 Saxon Weald Housing Association originally procured the care contract for Highwood Mill as they wanted to have full management of all the services provided within the scheme. This was due to Saxon Weald developing this scheme by their own investment with no grant funding. The original model was based on them being able to provide outright sale on 55 apartments, however they were unable to achieve this, and 20 flats were transferred to affordable rent.
- 1.4 The current care contract is due to end in January 2022, having originally been for three years and then a two-year extension. Saxon Weald have now asked if WSCC can take over the procurement of the next care contract at Highwood Mill and subsequent contract management role.

The current care provider within the scheme is Alina Homecare, though there are a mix of care providers working within the scheme because Alina have not been able to meet the demand.
- 1.5 The value of the current annual service provided under this contract is £410,000 via spot purchases for WSCC.

2 Proposal details

- 2.1 It is proposed that West Sussex County Council take on the procurement and ongoing contract management of the care contract at the Highwood Mill extra care scheme after the current care contract runs out in January 2022. The process of procurement for Saxon Weald would be considerably longer than WSCC as we already have a DPS in place. The WSCC mini competition under the DPS would be quicker as the 17 approved providers have already proved their capability and passed the selection criteria.
- 2.2 The Commissioned contract will provide a block contract for 105-day time hours and 63-night hours a week, as well as wellbeing support of up to 20 hours a week. Further, this committed spend by the Council will ensure an onsite care presence 24/7, so enabling customers with more complex needs to be admitted.

The inclusion of night support will help ensure that all 50 of the units which are already available to WSCC can be occupied by customers with eligible social care needs.

All additional hours above the block will be purchased on a spot basis. The contract will provide a flat rate for both the block and spot spend.

2.3 The contract will provide a 24/7 emergency service to all residents of Highwood Mill, however only customers funded by WSCC will receive their care package as part of the commissioned service. Residents who self-fund their own care provision will be able to set up a private arrangement with the onsite provider.

2.4 Of the 50 units where WSCC has nomination rights, 30 are occupied by customers with eligible social care needs. For that group around £410k per annum is currently being spent on care via spot purchases. On a like-for-like comparison, the cost of the new contract is estimated to be £490k, because the night-time and well-being hours effectively represent growth. However, this proposal is being made in the spirit of invest-to-save. This is because over time the additional cost is expected to become a net benefit due to:

- Saxon Weald having offered to increase WSCC's nominations rights from current 50 to 70 units as they become available. The average saving between residential and extra care is £5,100 per year per person.
- having the ability to move complex needs customers out of more costly provisions into Highwood Mill.
- embedding the home for life ethos and reduce the level of customers transitioning into residential placements.
- the inclusion of night care which will help prevent residential care placements as people can be supported for longer in community settings, will help avoid hospital admissions and support hospital discharges quickly.
- Saxon Weald being prepared to employ an activities co-ordinator for 20 hours per week to provide wellbeing to customers. This enables the amount of wellbeing hours required for this service as part of the contract to be halved.
- Saxon Weald agreeing to let Adults Services have a flat with both rent and service charge free at a high needs scheme as a discharge to assess service. The discharge to assess model which is currently operating in other extra care schemes has demonstrated positive outcomes for the customer and the Council by preventing long term placements with customers moving into a long-term extra care property or enabling people to return home.
- Introduction of a block contract arrangement that will provide consistency in terms of quality, continuity, and cost. This will enable Highwood Mill to deliver an alternative to residential care with preventative and actual cost savings to what we achieve in the other 14 schemes.

3 Other options considered (and reasons for not proposing)

3.1 Maintaining the current arrangements with Saxon Weald not considered for the reasons stated in sections 1 and 2.

3.2 Highwood Mill is the only Extra Care Scheme that the Council works with in terms of nominations. Placing Highwood Mill on the DPS will bring this service in line with the other 15 services the council has a direct relationship in terms of procurement, contract management and operational development and support.

4 Consultation, engagement, and advice

4.1 Internally legal, finance and procurement teams have been initially consulted and are supporting the process.

5 Finance

5.1 Revenue consequences

5.2 For the services that will be included in the contract, forecast expenditure is £490k per year. This is £80k more than is currently being spent. In return WSCC will receive nomination rights to an additional 20 units. The inclusion of night support will also help ensure that all 50 of the units which are already available to WSCC can be occupied by customers with eligible social care needs. Based on the average cost saving of £5,100 per year between extra care and residential, by the time that all the units are available there is potential for around £200k of additional savings, which will mean net benefits of £120k.

5.3 How quickly that outcome will arise will depend on the rate at which the 20 units become available given typical levels of turnover in extra care, this could take around four years to realise in full. In the short term, any shortfall will be met through the Improved Better Care Fund. The eventual benefit will become a contribution towards demand management targets.

5.4 It should also be noted that the volume of care bought on a spot purchase basis will rise as the occupancy of the units by customers with eligible social care needs grows. Those costs will be funded through the care budget in the usual way, so will not represent an additional pressure relating to this decision. This explains their exclusion from the summary table below, which shows the anticipated revenue consequences from January 2022:

	Year 1 2021/22 £m	Year 2 2022/23 £m	Year 3 2023/24 £m	Year 4 2024/25 £m
Contract cost	0.120	0.490	0.490	0.490
Revenue budget	0.100	0.410	0.410	0.410
Savings forecast	Nil	0.025	0.075	0.125
Net cost/(benefit)	0.020	0.055	0.005	(0.045)
Funding from IBCF	0.020	0.055	0.005	N/A

5.5 The effect of the proposal:

(a) How the cost represents good value

The contract will enable more people/more complex customers to be placed in extra care, which is a cost-effective form of provision with average annual savings compared to residential of £5,100 per person per year.

(b) Future savings/efficiencies being delivered

As above

(c) Human Resources, IT and Assets Impact

The procurement and management of the contract will be delivered within existing resources.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Risk of Challenge	A fully Compliant process that meets the WSCC Standing Orders and procurement regulations.
Risk of care provider failure	<p>The DPS enables mini competitions to be run in the event of a care provider failure.</p> <p>TUPE will apply and the Council has adequate contractual provisions in place in the existing contract to facilitate the transfer of relevant information between the outgoing and incoming provider.</p> <p>The security of tenure ensures that residents within schemes would not require rehousing because of care provider failure.</p> <p>The DPS enables care providers to be added to the list at any time with approval of the Council following a successful application.</p>
Risk of Delay	Due to the time required for Saxon Weald to procure their own contract, an internal decision is required, Saxon Weald will need to start the procurement process at an earlier stage than the council due to not having a framework of approved providers.

Risk	Mitigating Action (in place or planned)
	This is an opportunity that will not be available for a further 5 years if WSCC do not take over the procurement and contract management at this stage.
Risk of Cost increase	<p>If the procurement of the contract is taken over by WSCC, the cost benefit of using the current DPS will help achieve best value.</p> <p>Reduction in customers moving to higher cost services. Increase in customers moving out of higher cost placements.</p>

7 Policy alignment and compliance

- 7.1 The Council is a Contracting Authority as defined in the Public Contract Regulations 2015 ("PCR") and as such is governed by those regulations. The value of the proposed contract is above the relevant thresholds in the PCR of £663,540 for Social and other specific Services ("Light Touch Services").
- 7.2 As such the Council will competitively tender these services in accordance with the procedures set out in PCR by utilising the Dynamic Purchasing System that is in place.
- 7.3 The Council will enter into a services contract using the DPS call off terms and conditions which were drafted by Commercial Legal Services and compliant with section 10 of the Council's Standing Orders on Procurement and Contracts.
- 7.4 The Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") is likely to apply on the commencement of the new contract should there be a change of service provider. The Council has adequate contractual provisions in place in the existing contract to facilitate the transfer of relevant information between old and new provider above and beyond the statutory provisions which should ensure a smooth transfer of service.
- 7.5 There is no risk that this contract will be considered illegal state subsidy within the subsidy control requirements because the contract will be subject to a competitive tender thereby ensuring that the Council is not selectively granting an advantage to one particular economic operator over another.

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Appendices None

Background papers None