

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Adult Social Care
Date:	27 April 2016
Title:	Day Activities for Older People and for People with Physical Disabilities
Reference:	7390
Report From:	Interim Director of Adult Services

Contact name: Martha Fowler-Dixon, Head of Commissioning

Tel: 01962 847257

Email: martha.fowler-dixon@hants.gov.uk

1. Executive Summary

- 1.1. The purpose of this paper is to outline the future vision for day activities for older people and for people with physical disabilities and to seek approval for future procurement and spending arrangements for contracted services.
- 1.2. This paper seeks to:
 - set out the context to the project
 - consider the finance for the project and the impact on the budget
 - set out key issues
 - briefly consider the future direction of the project and next steps
 - recommend a procurement approach and outline future spending

2. Contextual Information

- 2.1. Hampshire County Council is in the process of transforming a range of public services. Adult Services has a number of transformation projects underway of which day activities is one. The aim of this project is to develop day opportunities for older people and people with physical disabilities in order to meet future and emerging needs and to improve choice. The vision is to develop services in a focused way, changing the 'one size fits all' approach by introducing more personalised services in a range of locations where appropriate within a reduced financial envelope.
- 2.2. For both older people and for people with physical disabilities there are a collection of day activity services across Hampshire. These services are

variable in terms of remit, purpose, attendance, location and in how they are contracted and financed.

- 2.3. Day activities are highly valued by the people who access them. Stakeholder feedback supports development for person centred community based services. These services should enable networking between individuals and groups, maintaining independence and skills, building friendships, supporting reablement and for the physically disabled developing skills for life and for employment.
- 2.4. The majority of people who access day activities are older people. As part of the overall support offer for people in the community, day activities will focus support for people with cognitive impairments and for those older people whose family carers need respite breaks.
- 2.5. Although the majority of day activity services are currently provided via external contracts, there is some in-house Hampshire County Council provision. All day activity service provision will be reviewed by 2018 to ensure a consistent service quality across Hampshire.
- 2.6. Future day activities approach for people with physical disabilities
 - 2.6.1. The overarching support approach for people with physical disabilities is to focus on an ablement and re-ablement basis. Three areas of work have been identified to start modernising services and improve cost effectiveness; Area 1 is for people with continuing high needs, and Areas 2 and 3 are focused on shifting away from more traditional and building based services to more community / tailored activities. The use of Direct Payments will also continue to be supported.
 - 2.6.1.1. Area 1: Targeted short-term approach

This includes reviewing clients and negotiating with some providers the type and price of the service they offer. At the moment the majority of funded support is procured on a spot purchase basis. Initial work has highlighted potential to work with providers to understand their cost base.
 - 2.6.1.2. Area 2: Develop a new enabling model of day activities

This would develop choice for people and develop the use of shared support; it may also have an effect on prices by increasing competition and range of services available. It is proposed to develop a new non-building or part-building based model of service to be available alongside more traditional services to increase choice and options for people with physical disabilities. There are opportunities for service providers in this area. This new model would provide shared support for people to access community opportunities as a group or meet with friends in community venues; it would include enabling features such as service users progressing into running the group themselves, having a group bank account and booking their support for the time of the day they choose to meet.

2.6.1.3. Area 3: Longer-term procurement approach

2.6.1.3.1 It is proposed to commission day activity services for people with a physical disability using the same procurement approach and vehicle as that developed for the learning disability sector.

2.6.1.3.2 The current market is made up of small and medium enterprises, many of which are third sector organisations. Standard price / cost calculation methodology are rarely used and costs are generally negotiated locally and vary widely. Any procurement approach which adopts a prescriptive format is likely to meet with high levels of market and service user resistance and lead to high levels of destabilisation, as providers are highly likely to exit the market. In the past, open tenders have failed to attract new providers.

2.6.1.3.3 The learning disability procurement vehicle received Executive Member approval in January 2016; however the upper spending limit requested did not include funds for people with physical disabilities. Approval is therefore sought to increase the spending limit of the procurement vehicle to include physical disability day activity spend and associated transport costs, an increase of £1,215,000 maximum per annum (a combination of the spot purchase spend and contracted spend £895k and transport £390k).

2.7. Future day activities approach for older people

2.7.1. Currently the majority of external contracts for older persons' day activities are arranged on a block basis with payment being made at the same monthly level irrespective of actual service use.

2.7.2. In order to improve efficiency and value, the recommended future approach to these external contracts is one that is based on a pay per use model. A service provider will invoice the County Council on a monthly basis for service delivered and these will be reconciled in house. Two of the eight contracts from the last tender have been operating in this way since January 2015.

2.7.3. There have been several attempts to transform day activities through open tender which have not been successful. Work has been ongoing to try and develop the market and respond to market feedback; this includes work to streamline the County Council's processes and service specifications, and development work with potential service providers has also been undertaken with information days and meetings on an individual basis, but there is no guarantee that another tender exercise will secure providers across the whole of Hampshire.

2.7.4. On balance, with this undeveloped market and uncertain market intelligence, it is recommended to base a new procurement approach on a local basis and to address one Hampshire area at a time (Hampshire areas split into 8 zones, map attached at Appendix C).

2.7.5. It is proposed to run a two-stage procurement process for the 8 zones in Hampshire. In the first stage (The Selection Stage), the County Council will identify providers who are able to meet the County Council's minimum

requirements. The County Council will do this by setting a number of criteria related to key service delivery elements, such as personalisation, quality and price. This procurement route will enable flexibility to add new suppliers who meet the minimum standards on an ongoing basis in response to the risk identified in soft market testing of a lack of competition.

- 2.7.6. In the second stage (The Award Stage), contracts for services may be awarded to providers who meet the criteria established at the Selection Stage. Contracts may be awarded following mini competitions and call offs with staggered start dates so that services for older people can be better secured and stakeholders, including individuals using services, their families and support organisations, Adult Services area based staff and providers, can be involved in any change process. It is proposed to commence this two-stage procurement process in the spring of 2016 with the aim of the first contracts commencing in January 2017, and all contracts being in place by October 2017.
- 2.7.7. Providers will be required to accept the Terms and Conditions for any future contract award let by the County Council as a condition of passing the Selection Stage.
- 2.7.8. The procurement approach described will promote stability in the current market by increasing competition and reducing reliance on a small pool of providers.
- 2.7.9. The proposal is that the procurement vehicle would have a lifespan of three years, with the option for the County Council to extend for 2 further periods of three years (3+3+3). If the County Council wishes to exercise an option a further report will be brought seeking approval from the Executive Member for the relevant spend.
- 2.7.10. Although there is a risk that this approach will not result in services being secured in all areas of the County, it has been agreed that working with the market once more with the streamlined process and with a carefully mapped out implementation plan should result in the best possible outcome. Detailed contingency plans will also be drawn up to ensure that there is a back up position to meet eligible need should the two-stage procurement process not be successful.
- 2.7.11. Existing external block contracts for day activities for older people end on 31 December 2016. In order to support phased implementation of new contracts for services, a series of short-term direct award of contracts is requested for 6 of the 8 zones throughout the calendar year 2017. Providers in 2 zones in Hampshire (3a Test Valley and Eastleigh and 1b Basingstoke and Deane respectively) are already operating on a pay per use basis.
- 2.7.12. With the risk that some zones may not attract any interested potential providers, the two-stage procurement process timetable will allow for any alternative actions to be implemented in order to ensure peoples' eligible needs are met.

- 2.7.13. The review of in house day activity services for older people will take place by 2018. These services are being reviewed as part of the overall approach to support in the community. The outcome of this review can not be anticipated however permission is requested for this two stage procurement approach to include the flexibility to implement any future actions arising from that review including the entire allocated spend on older people's day services.

3. Finance

- 3.1. The current budget for externally contracted day activities for older people per annum is £2.080m. To enable maximum flexibility it is proposed that the re-investable budget for 2017 is £2.439m increasing to £2.797m maximum per annum in years 2018 and 2019 via the new two-stage procurement system.
- 3.2. The recommended phased approach to service transformation is designed to support people through any change process but it will also have a short-term effect on savings. There will be a delay in savings as existing contracts are extended for short periods of time in the 6 zones.
- 3.3. The figure for maximum spend for older people in 2017 is a combination of proposed new contracted arrangements and up to the re-investable budget for in house service provision.
- 3.4. The current budget for externally contracted day activities for people with physical disabilities per annum is £825k. Early savings are expected to be generated from review work on day activities for people with physical disabilities during 2016/17. Additional savings generated will allow re-investment into preventative services (subject to permissions), and position the project for the longer-term re-developments in 2019.
- 3.5. The current spend for day activities transport for people with physical disabilities is £390k (higher than the budget of £250k). This transport activity will be captured as part of the day activities review and the £390k per annum forms part of the maximum budgets proposed for approval.

4. Performance

- 4.1. Contracts let at the award stage will be monitored by the return of information from the providers and this returned information will be cross checked with County Council information. It will be a minimum requirement that providers have or will develop robust quality assurance and monitoring systems.

5 Legal Implications

- 5.1 Where a direct award (including use of the modification procedure and negotiated procedure without prior notice procedure over EU threshold) has a total value which exceeds £100,000 up to £1,000,000 approval from the Head of Governance and Monitoring Officer shall be sought.

- 5.2 There are limited circumstances under the Regulations where use of the negotiated procedure without prior publication (i.e. direct awards) are permitted. Under the Public Contracts Regulations 2015 where the County Council has undertaken a tender using the open procedure under the Public Contracts Regulations 2015 and received no suitable requests to participate, there may be an argument to justify a direct award under the Regulations.
- 5.3 It is for the Executive Member as decision maker to have due regard to the need to: Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act and advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6 Consultation and Equalities

- 6.1. The vision for day activities has been developed in partnership with individuals who use the service and their families, service providers and other key stakeholders. The aim of the project is to ensure that future services are more personalised and outcome focused.
- 6.2 Day activities play an important supporting role in maximising opportunities for well-being, improving quality of life, promoting independence and providing support for individuals with higher needs.
- 6.3. The main purpose of the project is to promote the development of day activities and opportunities that focus on personalisation, reablement, early intervention and prevention. Age and disability have been identified as high impact factors, for which positive outcomes are intended.
- 6.4. Potential Mitigating Actions for High Impact Factors
- 6.4.1. Day activities are designed to combat isolation. They also improve access for people not only to formal services but to local communities and to assist in networking between people and between local groups. As such this project work is designed to directly address discrimination, exclusion and isolation felt by older people, people with physical disabilities and their carers.
- 6.4.2. All other factors have been identified as low or no impact, though it is recognised that within the main groups targeted by this project there are other sub groups that will need specific considerations in different areas of Hampshire.
- 6.4.3. Service providers will be expected to consider equalities issues and the diversity of the population in the different localities of Hampshire and take account of the particular issues, opportunities or needs as part of the project. The providers' knowledge and understanding of diversity in its broadest terms will be evaluated at any pre-tender stages or before any direct contract awards.
- 6.4.4. Any provider will be expected to respect the beliefs and traditions of the people using the service and any impact this may have on their dietary needs or daily requirements. Providers will be expected to be aware of the

needs of people and their carers. They will be expected to be discreet and respectful in all matters relating to sexuality and understand that for many people it may be a sensitive and private matter that they find difficult to discuss.

7 Risks and Key Issues

- 7.1 There is an existing contribution of £173,932 per annum from Clinical Commissioning Groups in Hampshire towards day activities. There is no formal agreement in place that guarantees this funding in the future. Work will be undertaken with health colleagues through the project to secure ongoing agreement, and with District Service Managers to ensure agreements fit with local priorities and wider workstreams.
- 7.2 There is a lack of competition in the external market for older persons' day activities at the moment. Work will be undertaken with key providers to build stability in the market as transition to new contracting arrangements is phased in. Moving contracts onto a pay per use basis will generate work in relation to invoicing and reconciliation. A business process flow will be developed to ensure viability. In addition, the impact will be measured and work undertaken to minimise any undue effects.
- 7.3 Front line staff will be supported with guidance in relation to accessing and referring to new services. There will be additional impact for front line staff in relation to reviews and this will be agreed and implemented in liaison with operational management.
- 7.4 There is a risk that a two-stage procurement process might fail to provide contracts for service across the whole of Hampshire. In order to mitigate this risk, work is ongoing to develop the market and grow potential providers. Work is being undertaken within Adult Services to develop communities. A place shaping approach will be taken to each zone – an approach that will assess and identify the availability of local support so that any support offered by the County Council enhances and does not duplicate the local offer. Contingency plans for alternative provision and support are being developed.

8 Recommendation(s)

- 8.1 That the Executive Member for Adult Social Care gives approval to spend up to a maximum amount of £8.033 million for the initial period of three years for day activity services for older people using the two-stage procurement process outlined in this paper with contracts commencing in January 2017.
- 8.2 That the Executive Member for Adult Social Care approves the use of the modification provisions and or negotiated procedure without prior notice to put in place short term direct awards of contracts for day activities for older people for the 2017 calendar year as set out in this report to enable the phased implementation of the new contracts following the procurement exercise. The total for these direct awards is £614,385.

- 8.3 That the Executive Member for Adult Social Care approves a maximum increase in spend of £4.86 million in the initial four year period of the learning disability day activity procurement vehicle to enable inclusion of physical disability day activity spend. This would result in the total value of contracts let through this vehicle (learning and physical disability day opportunities) increasing to a maximum of £701 million per annum (a maximum of £28.04 million over 4 years).

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Maximising well-being:	yes
Enhancing our quality of place:	yes

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Older Persons Day Opportunities – Permission for Single Tender Approval	6654	24 June 2015
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	
none		

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

1.2.1 The vision for day activities has been developed in partnership with people themselves, with service providers and other key stakeholders. The aim of the project is to ensure that future services are more personalised and outcome focused.

1.2.2. Services will have both an enabling focus and one which supports people with high support needs. Day activities play an important supporting role in maximising opportunities for well being, improving quality of life and promoting independence.

1.2.3. Potential Mitigating Actions

1.2.3.1. The main purpose of the project is to promote the development of day activities and opportunities that focus on personalisation, reablement, early intervention and prevention. Therefore, age and disability have been identified as high impact factors and the impacts are intended to be positive.

1.2.3.2. These support services are designed to combat isolation and improve access for people, not only to formal services but to local communities and to assist in networking between people and between local groups. As such this project

work is designed to directly address discrimination, exclusion and isolation felt by older people, people with physical disabilities and their carers.

- 1.2.3.3. All other factors have been identified as low or no impact, though it is recognised that within the main groups targeted by this project there are other sub groups that will need specific considerations in different areas of Hampshire.
- 1.2.3.4. Service providers will be expected to consider equalities issues and the diversity of the population in the different localities of Hampshire and take account of the particular issues, opportunities or needs as part of the project. The providers' knowledge and understanding of diversity in its broadest terms will be evaluated at any pre-tender stages or before any direct contract awards.
- 1.2.3.5. Any provider will be expected to respect the beliefs and traditions of the people using the service and any impact this may have on their dietary needs or daily requirements. Providers will be expected to be aware of the needs of people and their carers for intimacy. They will be expected to be discreet and respectful in all matters relating to sexuality and understand that for many people it may be a sensitive and private matter that they find difficult to discuss.

2. Impact on Crime and Disorder:

- 2.1. Some older people and people with physical disabilities can be viewed as more vulnerable and can be particular targets for some types of crime. These support services will keep people linked into a range of other services and community networks, including those aimed at protecting them from crime.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?
 - 3.1. Service providers will be responsible for ensuring that people are able to access and/or attend the service. This includes offering flexible services at more accessible places in the community. Where access is facilitated through use of a minibus, this will reduce the fuel consumption of people using individual cars.
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?
 - 3.2. Through use of the day activities, people will be linked into other services such as those that address fuel poverty. People will receive information on keeping warm in a fuel efficient way and find ways to share support.

Appendix C
Map of Zones

