

Item

DITCHBURN PLACE CARE CONTRACT – COUNTY DECISION TO TENDER



To:

Councillor Kevin Price, Executive Councillor for Housing

Report by:

Suzanne Hemingway, Strategic Director, Tel: 01223 - 457461

Email: suzanne.hemingway@cambridge.gov.uk

Wards affected:

Petersfield,

Key Decision

1. Executive Summary

- 1.1 Cambridge City Council owns and manages the Ditchburn Place extra-care housing scheme, which currently comprises 36 of the 108 units on the site. For some years, care at the scheme has been provided by the City Council, and delivered in an integrated way alongside housing related support, housing management and premises management functions.
- 1.2 From January 2011, the care service was the subject of a three-year contract, extended a number of times to July 2016, awarded to the Council by Cambridgeshire County Council following a formal tendering exercise in 2010. Since July 2016 the service has been delivered as part of a partnership arrangement with the County Council.
- 1.3 The City and County Council have extensively explored options for the continued delivery of care services on this basis, but this has proved impossible, and the County Council has now taken the difficult decision to formally tender the service.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Approve that the authority formally decides not to submit a tender for the continued provision of care services at Ditchburn Place.
- 2.2 Approve full co-operation with the County Council and prospective bidders for the contract, both during the procurement period and throughout the implementation and delivery of a new contract.
- 2.3 Approve that the authority begin discussions with existing employees who work as part of the care contract in relation to their potential TUPE transfer to another organisation, providing the appropriate support and advice to them throughout this process.
- 2.4 Delegate authority to the Strategic Director to undertake negotiations and agree the transfer of staff to a new care provider once the County Council has completed their procurement.

3. Background

Page: 2

- 3.1. The City Council has delivered extra care services at Ditchburn Place for many years, originally as part of a number of formal contracts, and more recently as part of a partnership arrangement.
- 3.2 Care services are delivered alongside landlord, premises and housing support related activities to up to 36 extra care residents. This method of delivery has proved very successful over many years, with residents, relatives and the County Council as the body responsible for the commissioning of care, very happy with the level and quality of service provided. The Council has recently secured a 'good' rating following a statutory Care Quality Commission (CQC) inspection.
- 3.3 However, it has proved increasingly more difficult over the last 20 years to arrive at a contract sum for the provision of services which is within the budgetary constraints for the County Council, but which goes any way towards meeting the cost of the City Council providing the extra care services.

- 3.4 Before taking the decision to tender the care service, the City Council and the County Council have explored a number of ways to continue to work in partnership to deliver these services, but the extra care and support contract sum of £554,600 (prior to inflation to 2017/18 prices) is well below what it costs the City Council to provide the service, which was estimated at £716,800 based upon 2016/17 budgeted costs, including all on costs and organisational overheads, but is still above the level of funding that the County Council has to continue the provision of care services on the site. The current price paid to the City Council is well above that paid by the County Council for similar schemes elsewhere in the region, and there is pressure on the County Council to further reduce costs.
- 3.5 A number of factors combine to explain the gap between the contract sum that the County Council can afford to pay and the cost of the City Council providing the care service, but the key factor is the level at which the City Council pays its care staff.
- 3.6 The City Council, as a living wage employer, pays its care staff well at above minimum wage level and also has a pay policy which recognises the unsocial nature of some of the care hours worked, with generous enhancements for evening, weekend and bank holiday working.
- 3.7 In addition to the direct care staffing costs being significantly higher than those in the market place, the City Council also has a higher level of on costs and corporate overheads than many other care providers, including the cost of local government pensions.
- 3.8 Based upon the City Council's costs being significantly higher than the County Council can afford, and recognising that as care is not a core service for the City Council, with the City Council therefore not in a position to continue to subsidise the delivery of the service, the decision was taken to formally tender the service.
- 3.9 As landlord for the extra care homes at Ditchburn Place, it is critical that the City Council engage proactively with the procurement process, support the County Council in identifying a suitable supplier to take over the provision of care on the site, and work to develop effective relationships with the preferred supplier going forward.
- 3.10 Both the City and County Councils recognise the impact of this decision on both residents and staff of the scheme, and will endeavor to support both groups through the respective change process.

- 3.11 Meetings will be held with residents and relatives to explain the process and encourage engagement where possible, recognising the vulnerable nature of this client group and the fact that the current refurbishment programme has already introduced some change for residents.
- 3.12 Staff will be consulted and informed throughout the process by management and human resources, and will be given the support and advice they need throughout any transfer to a new employer under the TUPE regulations.
- 3.13 The City Council will work with the preferred supplier to ensure as smooth a transition of services as possible, with a management agreement in place between the parties to ensure clarity for both service providers and service users.
- 3.14 The new supplier will be well informed as part of the tender process, about the current refurbishment programme and the impact on resident numbers in both the short term (reduced occupancy) and long term (potential for increased extra care bed spaces).

4. Implications

(a) Financial Implications

Page: 4

The financial implications associated with the decision not to tender for the continued provision of care services at Ditchburn Place are that the City Council will not be required to provide any future financial subsidy for the service.

To date, the direct costs of service provision have broadly been met, but little or no contribution towards management costs and overheads has been received.

Any continuation of delivery would mean that the authority would move into a position where it needed to subsidise the direct costs of care provision, which would fall to the General Fund to meet due to a statutory inability to fund essential care from the HRA.

(b) Staffing Implications

Following 4 members of staff opting to take redundancy as part of a service restructure to reflect the reduction in occupancy in the scheme for a 3 year

period whilst the refurbishment takes place, there will be 28 employees impacted by the subsequent decision to tender care services.

The workforce in the care service is made up of full time, part time and zero hours contract employees, all of whom have been identified as staff who will form part of any TUPE consideration to a new care provider.

All staff will be consulted, informed and supported throughout the process by management and human resources.

(c) Equality and Poverty Implications

An Equalities Impact Assessment will be undertaken jointly by the County Council and City Council as part of the pre-procurement process.

(d) Environmental Implications

There are no adverse environmental implications anticipated as a result of changes proposed in this report.

(e) Procurement Implications

There are no direct procurement implications associated with this report.

(f) Community Safety Implications

There are no direct community safety implications associated with this report.

5. Consultation and communication considerations

Consultation and communication with staff, residents and their relatives will take place throughout both the procurement and implementation phases of this project, with the City Council and County Council working together to ensure timely, effective and consistent messaging.

6. Background papers

Background papers used in the preparation of this report:

7. Appendices

There are no appendices associated with this report.

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Julia Hovells, Principal Accountant

Telephone: 01954 - 713071 or email: julia.hovells@cambridge.gov.uk.