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| DECISION-MAKER: | Governance Committee | | |
| SUBJECT: | Annual Review of Health and Social Care Contracts managed by the Integrated Commissioning Unit | | |
| DATE OF DECISION: | Monday, 14 December 2020 | | |
| REPORT OF: | Director of Quality and Integration, Stephanie Ramsey | | |
| <u>CONTACT DETAILS</u> | | | |
| AUTHOR: | Name: | Aleksandra Burlinson | Tel: 023 8083 2795 |
| | E-mail: | aleksandra.burlinson@southampton.gov.uk | |
| Director | Name: | Stephanie Ramsey | Tel: 023 8029 6941 |
| | E-mail: | stephanie.ramsey@southampton.gov.uk | |

STATEMENT OF CONFIDENTIALITY

BRIEF SUMMARY

This paper informs the Governance Committee of the contracts managed by the Integrated Commissioning Unit (ICU) on behalf of Southampton City Council (the Council), and gives a summary of the current arrangements for monitoring these contracts, including mechanisms for assurance of quality, performance, and governance.

In addition, this year's paper also provides a summary of measures the Council has introduced to support local third-party providers of care and support service during the COVID-19 emergency period, and the new service arrangements that have been commissioned to support the local health and care system to effectively manage the local response to COVID-19.

RECOMMENDATIONS:

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| (i) | To note the report's contents and the work of the Integrated Commissioning Unit in ensuring contracts with external agencies are properly managed, provide good quality and best value for money. |
| (ii) | To note the contract and procurement-related actions taken to date by the ICU in response to the Covid-19 emergency. |

REASONS FOR REPORT RECOMMENDATIONS

1. The ICU is managing a number of contracts on behalf of the council, including joint arrangements with Southampton City Clinical Commissioning Group (CCG). These contracts are managed appropriately and according to contractual terms. The ICU is subject to internal and external audit processes which verify the management of contracts is undertaken in an appropriate manner and to a standard that provides assurance and limits risk to the council.

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| | The actions taken in response to the Covid-19 emergency have been necessary to facilitate an effective local response to the pandemic within the Council/ CCG supply chain. The ICU wishes to provide assurance to the Committee that these arrangements have been undertaken appropriately and in accordance with internal governance processes. |
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ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

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| 3. | The alternative to the ICU management of contracts would require specialist knowledge and skills to be dispersed within teams across the council. This would make strategic management and decision making difficult. It would result in inconsistencies in approach and would make it more difficult for the council to achieve its strategic priorities in relation to services. |
| 4. | Had the actions in response to Covid-19 emergency not been taken, this would have reduced the effectiveness of the local response to the pandemic, increased the risk of supply chain failure, harm to vulnerable members of the community, and Covid-19 infections. |

DETAIL (Including consultation carried out)

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| 5. | The ICU undertakes health and social care commissioning functions on behalf of the Council and Southampton City Clinical Commissioning Group. This includes responsibility for the management of associated contractual arrangements for care and support services on behalf of both organisations. The ICU works closely with Children's, Adult and Health and Public Health colleagues and wider to ensure the effectiveness of the contract outcomes. The recent re-structure of Procurement Services has also brought the social care procurement function into the ICU. This has strengthened the close links between procurement and contract processes for social care, as well as ensuring close alignment with our procurement colleagues in the Supplier Management Team. During the recent Covid-19 emergency, ICU colleagues worked closely with both Southampton City CCG and West Hampshire CCG to ensure adequate supply of emergency accommodation, care staff and supply of personal protective equipment. | | |
| 6. | The ICU currently manages a total of 129 contracts and 6 grants, summarised in the table below. The contracts include block service contracts, framework agreements and partnership agreements with the CCG and other health bodies. These are delivered for services to Adults and Children, including Public Health services. The grants include those to community organisations and the Community Chest programme consisting of a large number of small grants to community groups. The management of grant function will be moving to Stronger Communities Team in December 2020, following the re-allocation of budgets to Stronger Communities Portfolio. | | |
| | Arrangement Type | Number | Value 2020-21 |
| | All contracts (excluding grants) | 129 | £187,366,871 |

| | SCC-commissioned contracts | 103 | £40,841,552 | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---------------------|---------------------|---------------------|----------------------------|---------------------|---------------------|---------------------|----------------------------|--|------|----------|----------|----------|--------------|---|------|----------|----------|----------|--------------|------------------------|------------------|----------|----------|----------|--------------|
| | CCG-commissioned contracts | 4 | £510,900 | | | | | | | | | | | | | | | | | | | | | | | | |
| | Partnership agreements with health bodies and funding arrangements | 22 | £146,014,418 | | | | | | | | | | | | | | | | | | | | | | | | |
| | Grants | 6 | £441,327 | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. | Framework agreements, including Home Care, Children's Residential Care, Independent Foster Care and Post-16 Support, are included in the total contract numbers, but the budget is managed outside the ICU as each individual package of care is commissioned, and therefore excluded from the total figure. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. | Similarly, the ICU manages the terms under which the council accesses residential and nursing homes for adults both within the city and across the country. The number of separate arrangements are not included in the figures above due to their number (over 200 at any one time). In addition, as each individual package of care is commissioned separately, the budget is not included as that is part of operational service budgets. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. | <p>Contract compliance</p> <p>In order to ensure contract compliance and best value, the ICU Contracts Team supports Commissioners with the undertaking of contract-related functions to ensure that:</p> <ul style="list-style-type: none"> • Contracts are appropriately and optimally designed, such that service expectations are clearly defined and the benefits of services delivered can be evidenced. • Suppliers are at all times compliant with contract terms, and that non-compliance with respect to performance, quality, safety, and risk is appropriately managed. • The contracting authority remains at all times compliant with its own obligations with respect to contracts (i.e. payments, communications, expiry). • Services purchased through contract represent value for money. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. | <p>Major SCC Contracts</p> <p>Within the ICU portfolio, there are six contracts which can be considered 'major', in that their annual expenditure exceeds £1m. These are as follows:</p> <table border="1"> <thead> <tr> <th>Contract Title</th> <th>Service Provider</th> <th>Contract Start Date</th> <th>Current Expiry Date</th> <th>Maximum Expiry Date</th> <th>Total Annual value 2020-21</th> </tr> </thead> <tbody> <tr> <td>Nursing home for older people (Northlands)</td> <td>BUPA</td> <td>24/06/05</td> <td>23/06/30</td> <td>23/06/30</td> <td>£2.3 million</td> </tr> <tr> <td>Nursing home for people with dementia (Oak Lodge)</td> <td>BUPA</td> <td>08/02/10</td> <td>07/02/35</td> <td>07/02/35</td> <td>£1.5 million</td> </tr> <tr> <td>Sexual Health services</td> <td>Solent NHS Trust</td> <td>01/04/17</td> <td>31/03/22</td> <td>31/03/24</td> <td>£2.2 million</td> </tr> </tbody> </table> | | | Contract Title | Service Provider | Contract Start Date | Current Expiry Date | Maximum Expiry Date | Total Annual value 2020-21 | Nursing home for older people (Northlands) | BUPA | 24/06/05 | 23/06/30 | 23/06/30 | £2.3 million | Nursing home for people with dementia (Oak Lodge) | BUPA | 08/02/10 | 07/02/35 | 07/02/35 | £1.5 million | Sexual Health services | Solent NHS Trust | 01/04/17 | 31/03/22 | 31/03/24 | £2.2 million |
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| Nursing home for older people (Northlands) | BUPA | 24/06/05 | 23/06/30 | 23/06/30 | £2.3 million | | | | | | | | | | | | | | | | | | | | | | |
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| | Alcohol Drugs and Substance Misuse Service | Change Grow Live | 01/07/19 | 30/06/24 | 30/06/26 | £2.2 million |
| | Health and Care related equipment service | NRS | 01/07/20 | 30/06/25 | 30/06/27 | £1.6 million |
| | Housing Related Support Service for Adults – Flexible Support | Home Group Ltd | 01/07/17 | 30/06/20 | 30/06/22 | £1.5 million |
| 11. | <p>Residential Home for Older People (Northlands House) & Nursing Home for People with Dementia (Oak Lodge) - BUPA</p> <p>These two contracts were commissioned as part of long-term arrangements. With both, the Council provided the land, BUPA built the nursing homes at their cost, and a long-term arrangement for providing care was established. This guarantees access to a specified volume of nursing care beds each week at a set price – 62 bed-spaces at Northlands; 40 bed-spaces at Oak Lodge. Both contracts contain provision for respite care and give the council and Southampton residents first call on vacancies beyond the contracted levels. Officers are in the process of agreeing a temporary variation to both contracts to designate 10 bed-spaces for CCG-funded ‘Discharge-to-assess’ clients. This is designed to enable faster discharge from hospital and free up much needed hospital capacity during the second wave of COVID-19 infections.</p> | | | | | |
| 12. | <p>Sexual Health Services - Solent NHS Trust</p> <p>The council has a mandate to commission confidential, open access reproductive and sexual health services for its residents that provides contraception testing and treatment for a range of sexually transmitted infections, and also gives access to a range of contraceptive options.</p> <p>The service is commissioned through close working between the Public Health team and the ICU, which allows the service to deliver a fully Integrated Sexual Health service that also includes CCG commissioned reproductive health services (vasectomies and terminations of pregnancy). This integrated model helps the city ensure that local residents have timely access to the high quality services to improve and manage their sexual and reproductive health. This service mirrors those commissioned by the neighbouring local authorities, Hampshire and Portsmouth. The three local authorities closely cooperate in the delivery and management of the service across the region.</p> | | | | | |
| 13. | <p>Alcohol Drugs and Substance Misuse Service – Lot 1 (Adult 25 years and over): Change Grow Live</p> <p>This contract provides both medical and psychosocial services for people with substance use disorders. The service also works co-operatively with the Young People’s substance use disorder service (YP SUDS) in order to provide clinical treatment for the 11-24 year age group including pharmacological interventions, health screening and blood borne virus screening and interventions. The contract includes a sub-contracting arrangement with YP SUDS to deliver a Transition worker to facilitate</p> | | | | | |

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| | safe and effective transfer from YP SUDS to Adult SUDS for people reaching their 25 th birthday. |
| 14. | <p>Health and Care Related Joint Equipment Service (for the loan of health-related equipment to adults and children in Southampton and Portsmouth)</p> <p>This service has been re-commissioned through a tender exercise in 2019-20. A new provider has been appointed to run the re-commissioned service from 1 July 2020 for the next 5 years (with an option to extend the contract by an additional 2 years). The contract was procured and is managed jointly with Portsmouth City Council and their respective CCGs in both cities. This has saved all organisations procurement resources, and ensures a consistent service across both areas.</p> <p>Nottingham Rehab Services is the new provider of this service to both Portsmouth and Southampton. The service is estimated to cost £1.2m in the first year. The annual value of the contract is made up of the fixed premises costs and the variable equipment costs (which includes delivery, installation, collection and cleaning). The variable cost element is estimated and is based on last year's consumption, and will vary depending on demand. This element of the contract is controlled internally by managing the demand for equipment from the professionals, as well as externally by ensuring that all equipment is collected from the community when no longer required, and claiming refund from the provider.</p> <p>Through this tender exercise, cost avoidance of £1,889,734 has been achieved over the term of the contract. This cost avoidance will be shared according to the split in funding between SCC and the CCG.</p> |
| 15. | <p>Housing Related Support Service for Adults – Flexible Support</p> <p>In 2017, all housing related support services in the city were reconfigured and let following a tendering process. The largest of these new services offers short-term (up to a maximum of two years), flexible support to individuals in the city who are vulnerable due to homelessness, mental health issues, learning disability issues and other reasons. The ICU secured substantial savings (over £500K per annum) through a tender process after combining a number of different services into this one city-wide contract.</p> |
| 16. | <p>Actions and Relief Measures Affecting SCC Contracts During the Emergency Period</p> <p>At the onset of the emergency period (defined in the Procurement Policy Note 02/20 as lasting between 18 March and 30 June 2020), it became apparent that local third-party providers of care and support services would require a series of relief measures to ensure supply chain stability and sustainability, and to enable each service to effectively prioritise resources and attention on maintaining business continuity where appropriate. The Council followed government guidance (as set out in Procurement Policy Note 02/20: Supplier relief due to coronavirus (COVID-19)) when providing relief to local providers and when implementing new contractual arrangements required to respond to the emergency. These measures are set out below.</p> |
| 17. | <p><u>Changes to payment periods</u></p> <p>In order to support cash-flow for the sector, the Council has changed its payment periods for providers from 1st April 2020. For care homes payment has been made in advance. For home care services, payments have been made on receipt of invoices,</p> |

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| | <p>instead of the usual arrangement of 30 days in arrears. These arrangements reverted to the contracted periods from 1st November 2020, in line with government guidance (Procurement Policy Note 04/20: Recovery and Transition from COVID-19).</p> |
| 18. | <p><u>Process for assessing and processing financial relief from Covid-19 cost pressures</u></p> <p>On 20th April, the Council wrote to all its care and support service providers setting out a process through which financial relief from Covid-related cost pressures may be sought. These pressures have come in the form of increased staff costs, Personal Protective Equipment (PPE) expenditure, changes to statutory sick pay, and other administrative/ operational costs. Included with the letter was a spreadsheet to enable itemisation of Covid-related costs incurred, reasoning, and comparisons to similar costs incurred from December to February. To date, 10 requests for additional funding have been received and these currently remain under review whilst Commissioners determine to what extent these pressures are being sufficiently absorbed by subsequent financial relief detailed below and other support measures available to providers, including pass-through funds from the government's infection control fund to care homes and home care providers covering the period to the end of September 2020.</p> |
| 19. | <p><u>10% Funding Uplift</u></p> <p>To further promote care and support market sustainability, and in line with LGA/ADASS advice, the Council agreed a 10% uplift to the rate of pay for existing services, placements, and packages of care additional payments would be made to providers. The Council uplift was initially applied from 19th March to 30th June (the period for which additional central government has been received). A further uplift covering the period 1st to 31st July has also been made.</p> |
| 20. | <p>The following care market segments have received the 10% uplift:</p> <ul style="list-style-type: none"> • Residential and Nursing homes • Home care • Housing support services • Domestic Violence • Shared Lives |
| 21. | <p>Payments have been made covering the whole period for residential and nursing homes, based on council clients' occupancy as of February 2020. For home care, the 10% uplift is being applied to monthly payment periods. For commissioned services (block contracts), the 10% uplift is based on 2020-21 annual contract value and applied pro-rata. This is made as a separate payment directly to providers' accounts. The uplift has been applied to 16 contracts across 9 providers.</p> |
| 22. | <p><u>Supplier Relief and Contract Changes</u></p> <p>55 commissioned services have received relief to relax contract monitoring during the initial emergency period (to 30 June 2020). 21 contracts for commissioned services will be extended due to the service reviews being delayed and service needing to continue during and beyond the emergency period, or because the service review and the resulting procurement process will be delayed due to the emergency. These contract</p> |

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| | <p>changes have been approved through internal council governance processes. In addition, the ICU ensured that all procurement regulations were observed in making the changes to the contracts. All changes were also recorded centrally through the Supplier Management Team.</p> |
| 23. | <p><u>Direct award of contracts related to COVID-19</u></p> <p>The Council and the CCG joined efforts in addressing the crisis by pooling the resources and organising a joint response to the demands of the pandemic in the city. Below is a short summary of the work undertaken jointly with Southampton City CCG and South West Hampshire CCG. A number of contracts have been, or are in the process of being directly awarded for the provision of additional services required to manage the local response to the pandemic as detailed in paragraphs 24 to 26 below.</p> |
| 24. | <p><u>Commissioning of Hotel Accommodation and Live in Care Support – CCG-funded</u></p> <p>Further to the government guidance on the COVID-19 Hospital Discharge Service Requirements, Southampton has led on behalf of the South West system on the commissioning and contracting of 203 hotel beds (with potential to ramp up to 400) for patients medically optimised for discharge from hospital; with around 2,550 live in care hours arranged and spread across each hotel. Costs will be shared between Southampton City CCG and West Hampshire CCG recognising the joint work that has been undertaken by the local system. Even though these contracts were fully funded by the CCG, the city council staff were substantially involved in their commissioning and implementation via the local integrated commissioning arrangements.</p> |
| 25. | <p><u>Commissioning of Suitable Accommodation for Rough Sleepers / Homeless – SCC-funded</u></p> <p>The purpose of this arrangement was to ensure that social distancing measures were put in place for the homeless being looked after by SCC. Social distancing measures were not possible in the current hostels and there was also a requirement to accommodate rough sleepers directly into accommodation. An exercise was undertaken to contact hotels, guest houses and apartment private letting agencies to enquire if they would be agreeable to accept this cohort. The response to this request was very limited and the student accommodation available at Southampton University was ultimately the best and most viable option.</p> <p>i. <u>SCC Contract with Southampton University</u> A minimum of 18 rooms up to a maximum of 39 en-suite bedrooms and 5 kitchens for use by SCC clients at Gateley Hall at £15 per night per room. The agreement was in place until 21 August 2020 with 2 weeks' notice optional termination for either Party. The usage of the accommodation was steadily reducing and the clients have now returned to their original accommodation.</p> <p>ii. <u>Client Managers provided by Society of St James</u> A requirement of the University's contract is to have client support on site at Gateley Hall. The team at the Society St James (SSJ) are highly skilled with the care and support required to keep this client group safe and well. The agreement was in place until 21 August 2020 at a cost of £12,920.</p> |

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| 26. | <p><u>Support for people with learning disabilities - SCC-funded</u></p> <p>Day services for the client group remain closed at this time in line with Government advice, and over time this will have an adverse impact on the wellbeing of service attendees and their families. A strategy has been developed to undertake negotiations with each of the current service providers. As this market segment's current offer is inconsistent and insufficiently standardised, direct negotiations with each provider are being undertaken with a view to entering into formal arrangements that maintain appropriate service levels for this client group during the emergency period and beyond. This will result in a series of short-term contractual arrangements set up and managed by ICU.</p> |
| 27. | <p>It is important to note that the emergency has necessitated an unprecedented level of contract management and procurement-related activity in an acutely compressed time period and as the local experience of the pandemic evolves, further supply chain risks and gaps are likely to emerge. As such, further retrospective and proactive contractual/ financial adjustments are likely to be required to mitigate the local impact of the pandemic on the community and the services required to satisfy the local demand for care and support going forward.</p> |
| 28. | <p>Performance Management</p> <p>ICU contracted services require at least quarterly performance monitoring as standard. During the emergency period, some of the contracted services were forced to operate in a different way and some were not able to operate for a period of time. Performance monitoring was relaxed for these services during the emergency period (as described in paragraph 17), but has resumed for the large majority of services from 1 July 2020.</p> |
| 29. | <p>Governance</p> <p>All contracts managed by the ICU feed into the ICU's Performance Dashboard and associated Key Performance Indicators, which are reported to the Joint Commissioning Board on a regular basis. The latest changes to contractual and financial arrangements were reported to the Joint Commissioning Board in June 2020.</p> |
| RESOURCE IMPLICATIONS | |
| <u>Capital/Revenue</u> | |
| 30. | <p>The cost of uplifting current council care packages by 10% for the period of March to June, and then extended to end of July, to cover additional costs of care is approximately £2.18Million. The majority of this has already been paid to care homes and block contracted providers. The remainder is being paid on an arrears basis each month to home care services. This follows receipt of invoices and uses a simplified reconciliation process. A final reconciliation process will take place at the end of the period to ensure correct payment has been made across providers.</p> |
| 31. | <p>To date, the totals to be paid to each sector are:</p> <ul style="list-style-type: none"> • Home Care - £827,597 • Care Homes - £1,013,015 • Shared Lives - £20,843 • Other contracts – support services - £318,553 |
| 32. | <p>These costs are additional costs to the adult social care budget and have been agreed by both Cabinet and full Council. They are expected to be paid from the Covid-19 emergency funds from central government.</p> |

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| | Providers requesting additional funding above the 10% level will be required to evidence additional cost via an account justification process, where it is deemed it is appropriate, and once all other support made available, in kind, is taken into account. |
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| <u>Property/Other</u> | |
| 33. | There are no property issues resulting from this paper. |
| LEGAL IMPLICATIONS | |
| <u>Statutory power to undertake proposals in the report:</u> | |
| 34. | Each contract is provided for and managed by its own reference to legal powers enabling the council to undertake such contracting. |
| 35. | In its response to the emergency, the council acted in accordance with government guidance Procurement Policy Note - Supplier relief due to COVID-19 and advice from ADASS and LGA/ ADASS advice . |
| 36. | Contract changes, extensions and direct awards were made in line with the council's Contract Procedure Rules. |
| 37. | Decisions were made and documented in accordance with the council's Officer Scheme of Delegation. |
| 38. | Internal processes were developed to capture expenditure associated with Covid-19 and enable approvals where the normal governance process was disrupted. |
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| <u>Other Legal Implications:</u> | |
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| RISK MANAGEMENT IMPLICATIONS | |
| 39. | Failure to act on the contractual easement changes during the emergency period would have seen the council acting outside of government expectations. |
| 40. | For the contract/monitoring changes, the council responded to the situation and pressures both the council and providers were under in terms of re-organising work. The risks are that providers fail to deliver against contractual expectations. This is mitigated against by ensuring this is a time limited change and working with providers to ensure essential service delivery. The council has continued to pay for the services as normal, to safeguard the viability of the providers. The relaxation of monitoring requirements is a temporary measure reflecting the fact that some of the services will not be delivered in the normal way during the emergency. |
| 41. | The council is extending contracts in line with Contract Procedure Rules and observing governance processes which have been adapted to cope with the emergency at the time when normal processes are suspended. |
| 42. | Uplifts – A 10% increase recognises the additional costs on providers. There are two key risks which are being mitigated against: <ol style="list-style-type: none"> 1. that both the council and CCG overpay: but all evidence suggests this is not the case, particularly as the reduction in the self-payer market is off-setting any increases, the additional costs associated with infection prevention and control, and the staff need to isolate are significant costs for providers across all care sectors to bear |

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| | 2. that it fails to provide adequate support in recognising the extra costs. This is mitigated against with the additional cost process being in place. This enables providers with those excess costs to request support where the risk would be to service continuity. |
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| POLICY FRAMEWORK IMPLICATIONS | |
| 43. | The proposals are in line with the council's policy framework plans and meet the council's financial procedure rules and scheme of officer delegations. |

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| KEY DECISION? | No |
| WARDS/COMMUNITIES AFFECTED: | All |
| <u>SUPPORTING DOCUMENTATION</u> | |
| Appendices | |
| 1. | List of ICU contracts managed on behalf of the Council and the CCG |
| 2. | |

Documents In Members' Rooms

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Equality Impact Assessment

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| Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out. | No |
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Data Protection Impact Assessment

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| Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out. | No |
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Other Background Documents

Other Background documents available for inspection at:

| Title of Background Paper(s) | Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable) |
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| 1. | |
| 2. | |