

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Adult Social Care and Health
Date:	17 January 2018
Title:	Meals on Wheels Service
Report From:	Director of Adults' Health and Care

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1. Recommendations

1.1 That the Executive Member for Adult Social Care and Health gives approval to spend up to a maximum of £16.4m to procure a service contract for a Meals on Wheels service from 1 October 2018. The contract would run for a period of up to five years on the basis of a three year initial term plus extensions totaling no more than 2 years (3+2). The estimated value of the contract for which approval is being sought, is estimated at £2.8m inclusive of VAT for the first year. The total contract value for up to the five years would be up to £16.4m inclusive of VAT.

2. Executive Summary

2.1 The purpose of this paper is to seek approval from the Executive Member for Adult Social Care and Health to procure a contract for a Meals on Wheels service from 1 October 2018.

2.2 The contract would run for an initial term of three years, with an option to extend by up to a total of two years, giving a maximum potential term of five years. The estimated value of the contract, for which approval is being sought, is approximately £2.8m (incl. VAT) in the first year. The total contract value for up to the five years would be up to £16.4m inclusive of VAT.

2.3 This paper seeks to:

- Set out the existing Meals on Wheels service
- Consider the options for Community Meal services
- Consider the financial implications of the proposed contract
- Highlight the impact that Meals on Wheels has on the performance of the County Council

2.4 The current contracts for Meals on Wheels are due to expire on 30 September 2018. A review of the service has identified the options available, future service requirements and the most appropriate service delivery model, which can be implemented from October 2018 without disruption to the current service users.

3. Contextual information

3.1. The current service is divided into three lots. Each lot has a separate contract and together they provide a Hampshire-wide service to supply and deliver Meals on Wheels 365 days a year. The current provider is Apetito UK Ltd and it is contracted to deliver all three lots.

3.2. On average there are currently 1,770 active customers receiving Meals on Wheels from 1 to 7 days a week and nearly 35,000 lunchtime meals are delivered each month.

3.3. The service primarily delivers a two course hot lunchtime meal and drivers are trained to carry out a wellbeing check in addition to delivering the meal. Customers can also request a third course for their lunchtime meal and a cold afternoon tea as part of the delivery (at an additional cost).

3.4. Each customer currently pays £4.55 for a 2 course lunchtime meal or £5.55 for a 3 course meal. It is proposed in April 2018 to increase this to £4.67 for a 2 course lunchtime meal and £5.67 for a 3 course meal to take into account inflation.

3.5. The contracted service is provided to customers who have been assessed as having a need for support to manage and maintain nutrition.

3.6. The majority of referrals for this service are made by frontline care practitioners, including teams seeking to discharge people from hospital.

3.7. It is recognised that the Meals on Wheels service contributes to supporting people living in their own homes to maintain independence and remain a part of the community. It prevents an increase in dependency, which could otherwise result in more expensive care packages being required. It is also recognised that the service provides much needed social contact to a number of people who might otherwise be totally isolated.

3.8. The service provides a hot meal that does not need to be heated and, if necessary, can be plated and cut up. Therefore, the service is likely to have contributed to the reduction in Domiciliary Care. Where an individual has a lunchtime meal via Meals on Wheels, the need for care staff to support the individual at lunchtime is reduced.

3.9. The inclusion of the welfare check ensures that wellbeing and safety concerns are identified and action is taken in a timely fashion. Drivers frequently report concerns to the relevant Hampshire County Council team or

call for emergency services where necessary. Approximately 3-4 ambulances are called out each month by Meals on Wheels drivers.

4. Procurement of a service contract - Rationale

- 4.1. The service currently supports an average of 1,770 individuals to live healthily and independently in their own homes, and reduces demand on more expensive care packages.
- 4.2. Work has been undertaken to identify the options available, future service requirements and the most appropriate service delivery model from October 2018.
- 4.3. Five options have been considered
 - a) In House provision of a Meals on Wheels service
 - b) Allow the contracts to expire
 - c) Allow the contracts to expire and commission Hampshire County Council funded Community Meal provision (e.g. lunch clubs)
 - d) Procure a Meals on Wheels service under a concession contract
 - e) Procure a Meals on Wheels service under a service contract

All these options can be carried out in conjunction with signposting to other relevant services.

- 4.4. **In house provision:** at present Hampshire County Council in house facilities are not able to provide the volume of meals required. Existing HC3S staff and premises currently used by HC3S could not be used to provide the Meals on Wheels service as they are all operating at capacity especially in the 11am to 2.30pm timeslot. In addition, the majority of kitchen facilities are in schools which are not available at weekends and during school holidays. In terms of equality, this option would have a negative impact on eligible residents who share the protected characteristics of age, gender and disability.
- 4.5. **Allow the current contracts to expire:** this option could lead to a significant increase in price. Hampshire County Council would have no control over quality and there would be no guarantee that all eligible residents would be served – not all live in commercially attractive locations. These factors could cause a reduction in service use and increased demand on alternative Hampshire County Council services. In terms of equality, this option could have a negative impact on eligible residents who share the protected characteristics of age, gender and disability.
- 4.6. **Allow the contracts to expire and commission community meal provision:** this option would have the risks identified in paragraph 4.5, and would also require Hampshire County Council funding for community meal provision. In terms of equality, this option could have a negative impact on eligible residents who share the protected characteristics of age, gender and disability.

4.7. Procuring a Meals on Wheels service under a concession contract:

Hampshire County Council could put in place a contract where a concession opportunity is given to the successful provider. The provider would set the price as part of their tender. The customers would pay the provider the full cost of the meal. This could ensure a reliable service 365 days a year, for all eligible residents. However, Hampshire County Council would not have the current level of control over price and different VAT arrangements would apply. These factors could cause a reduction in service use and increased demand on alternative Hampshire County Council services. In terms of equality, this option could have a negative impact on eligible residents who share the protected characteristics of age, gender and disability.

4.8. Procuring a Meals on Wheels service under a service contract: This option aligns with the current contract. The service would be cost neutral to Hampshire County Council, with the provider being responsible for collecting payment from Customers. This contract would ensure a reliable service 365 days a year, for all eligible residents. Hampshire County Council would have influence over price and quality. In respect of the customer, the current 'no VAT to charge' status of the service would continue. In terms of equality, this option would have a positive impact on eligible residents who share the protected characteristics of age and disability, because a number of eligible customer groups have been added to the service and the age bracket has broadened. This option would have a neutral impact on rurality, because the benefits currently experienced would continue.

4.9. Following an assessment of the options, it was determined that procuring a Meals on Wheels service under a service contract was the most appropriate course of action. Signposting should still occur where a more appropriate community meal solution is available. For example, an individual may be able to heat a meal and therefore prefer to use a frozen meal service, with a weekly delivery.

4.10. The current Meals on Wheels contracts cannot be extended and will end 30 September 2018. If the recommendation to procure a service contract is approved, Hampshire County Council will be ready to run a procurement exercise in Spring 2018, with contract award by the end of June 2018, allowing a 3 month implementation period for the new contract.

4.11. If a service contract is agreed, it is recommended that a single county-wide contract is procured. It is noted that this may limit opportunities for small and medium sized enterprises. Experience under the previous 3 contracts has shown that some areas of Hampshire are more commercially viable than others. Therefore, in order to offer a viable opportunity to organisations, and a single price throughout Hampshire County Council area, the service should be procured under a county-wide contract.

4.12. It is recommended that the eligibility scope for the Meals on Wheels service is broadened to include younger adults who live independently at home but need support to manage and maintain their nutrition. It is proposed that the

new service is also available to adults (18+ years) who have difficulty managing and maintaining nutrition and have: dementia, a learning disability, a mental health issue, a history of substance misuse, or a physical disability.

5. Financial Implications and risks

- 5.1. The new contract would commence on 1 October 2018, replacing the current Meals on Wheels contracts, which end 30 September 2018. A contractual requirement will be a seamless transition for existing customers to the new service. Tenders will be assessed to verify that the necessary procedures and capital required for a seamless transition would be in place.
- 5.2. The new service contract would be designed in such a way as to reduce the risk of the County Council incurring additional cost above those incurred within the current arrangement. Eligible individuals who wish to use the Meals on Wheels service would continue to be required to pay the provider directly for their meal. This includes residents referred by the Adults' Health and Care Department as well as those who are eligible and self refer.
- 5.3. Under the terms of the proposed contract, the County Council would be responsible for the service charge, which would include VAT. It is envisaged that the income generated from the customer charges would be sufficient to meet the service costs net of VAT, leaving the County Council responsible for the VAT costs.
- 5.4. The contract value will be set as part of the procurement and the meal volumes will be subject to demand. It is anticipated that referrals into this service will increase over the next five years as it is a cost effective way of maintaining independence for customers and the population over 55+ years is rising. The maximum spend required for this report is calculated as follows:

Cost of Meals – It is expected that the cost of meals will increase by an average of 2.5% per year through inflationary price rises.

Volume – Current forecast for 2018/19 is 460,600. It is expected that the volume of meals provided will increase by 6% per year because of: a wider eligible group, increases in the 55+ population and increased referrals. The table below shows the increase in meals provided over the course of the current contract.

Year	Meals Distributed (to nearest 1,000)
16/17	425,000
15/16	407,000
14/15	339,000
13/14	233,000

It is estimated that the total maximum amount payable over the five year period would be £16.4m (incl. VAT).

- 5.5. The expected net direct cost to the County Council from this contract is anticipated to be nil because 100% of the service charge will be passed to customers, with the VAT element, that is payable by the County Council as service principal to the provider, being reclaimed from HMRC in accordance with the VAT rules applicable to Local Authorities for such services.
- 5.6. A small risk remains that should the provider be unable to collect sufficient income from the County Council's eligible customers, the proportion not collected would be the responsibility of the County Council to reimburse to the provider. The current provider has indicated that the risk could rise slightly under the proposed arrangements but based on previous data this is unlikely to be material.
- 5.7. There is a risk that procuring the service under a single contract (rather than several contracts as before) will limit opportunities for small and medium sized enterprises (SMEs). There will be an opportunity for SMEs to apply as a consortium and two market engagement events were held, providing a forum for potential providers to discuss working more collaboratively. Attendance indicated there is limited interest in the opportunity at the present time.
- 5.8. Consideration will be given to ensure that a fair and sustainable price for customers is set as part of this procurement. It is essential to maintain and grow this service as a cost effective way of discharging care to eligible clients and so setting a price that avoids discouraging take up is an important consideration. At the same time it is important to promote the service as an attractive opportunity to potential providers.
- 5.9. The Meals on Wheels service is a relatively high profile service within the community. It is held in high regard by customers, their families and the public. It has strong links to the demand management and prevention agenda.

5.10. A new Meals on Wheels contract could lead to a change in provider. Therefore, there may be transfer of undertaking (TUPE) issues. The risks attached will be reduced by awarding any contract at least 3 months before the current contracts end, allowing sufficient time for TUPE to be undertaken if need be.

6. Performance

6.1. The contract will contain Key Performance Indicators. Performance against these indicators will be monitored both through performance workbooks completed by the provider, feedback from customers and quarterly monitoring meetings.

6.2. The provision of meals to those assessed as having a need to manage and maintain nutrition should:

- Support relevant individuals to manage and maintain nutrition
- Promote individuals' wellbeing, improving early identification of additional needs which can then be addressed in a timely fashion.
- Contribute towards supporting individuals to continue to live in their own homes and remain a part of their community (e.g. facilitate hospital discharges)
- Prevent an increase in dependency, which could otherwise result in more expensive care packages being required (e.g. a hot meal delivery where drivers can plate up the meal, helps to minimise the need for lunch time visits by care staff).
- Reduce isolation by providing social contact for those customers who feel isolated.

7. Consultation and Equalities

7.1. In order to understand the provider perspective and give an opportunity for smaller providers to consider tendering as a consortium, events have taken place on 4 September and 13 December 2017. Two organisations attended the first event (including the current provider) and one organisation attended the second event (the current provider).

7.2. Specific issues were raised by providers which included: inclusion to under 55 year olds in regard to likely volumes and increased caloric amounts, assumptions as to the likely growth of customers, price point and sensitivity of customers to increases, quality standards and the most appropriate bodies to use as reference, key performance indicators and monitoring.

7.3. In carrying out the Equalities Impact Assessment, those characteristics which relate specifically to the people using Meals on Wheels service have been considered. These are disability, gender and age. The proposed new contract would ensure continued provision of a valued service to those over 55 and provide support to newly eligible younger adults who have a disability

or mental health issues and a specific need for support to manage and maintain nutrition.

7.4. Disability is of high relevance to the service because the majority of people currently using the service have a physical or mental disability, including dementia, sensory loss and frailty. The service would have a greater impact if the eligible group is extended to include individuals over 18 years with mental health issues, learning disabilities, dementia and physical disabilities.

7.5. The following data indicates the number of people in the general population within the relevant groups and how many receive Hampshire County Council domiciliary care support:

Customer groups	Estimated no. residents in Hampshire	No. residents receiving Hampshire County Council domiciliary care services
Older people (65+)	265,700	3,405
Learning disabilities	19,273	876
Physical disabilities	65,474	881
Mental health issues	128,391	111

Source: Public Health Intelligence Team, Hampshire County Council

A strength based approach will be used when assessing who should be referred to Meals on Wheels. Only those who are unable to manage and maintain their nutrition without support will be referred to the service. It is expected that very few individuals with only physical disabilities or a history of substance misuse will require the service.

The number of calories required by a person per day varies according to age, gender and activity. It is acknowledged that younger adults who will use the service may need additional calories. Additional calories would be available with the purchase of a third course. It is noted that some individuals referred to this service may be overweight or obese and not in need of additional calories. The caseworker should assist their client to decide the number of courses and type of menu choice which would be appropriate when the individual starts the service.

By increasing the eligibility scope for the service, a wider section of the community who struggle to manage and maintain their nutrition will be supported as needed.

7.6. Currently all customers are over 55 years of age, with the majority also having a physical or mental disability. Over 64% of customers are aged 75 or over, with 36% aged between 55 and 75. Any changes in provision would have a high impact on this group of people. In addition, the Joint Strategic Needs

Assessment, 2017 (Hampshire County Council Health and Wellbeing Board) states that population increases are predicted amongst older age groups. The proportion of the 85 years and over population is expected to increase by almost 30%, to 54,600 people by 2023. Therefore, demand for the service is likely to grow.

- 7.7. The Meals on Wheels service will be able to provide meals which meet religious requirements and beliefs. Any customers who have these needs will be provided with an appropriate meal.
- 7.8. There will continue to be a positive impact with regard to rurality. The Meals on Wheels service will operate across the full geographical jurisdiction of Hampshire County Council, so a proportion of customers will live in rural areas.

8. HR Implications

- 8.1. TUPE may apply should current providers of services change. This will be dealt with in accordance with normal procurement processes and the staffing situation at the relevant times.
- 8.2. Existing Hampshire County Council staff will not be affected by this proposal.

9. Legal implications

- 9.1. Under the Care Act 2014, the County Council has a duty to meet a person's eligible needs including managing and maintaining nutrition. In addition, the County Council has a general duty to promote an individual's well-being and must have a regard to the importance of preventing or delaying the development of needs for care and support.
- 9.2. Separately the County Council must provide or arrange for the provision of services, or take other steps to contribute towards preventing or delaying the development of needs for care and support by adults and carers in its area.
- 9.3. The statutory guidance under the Care Act states that local authorities must ensure that a person's income is not reduced below a specified level after charges have been deducted. The purpose of this minimum income guarantee is to promote independence and social inclusion and ensure that people have sufficient funds to meet basic needs such as purchasing food.
- 9.4. It is for the 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.
- 9.5. The County Council shall procure the proposed services contract in accordance with the Public Contracts Regulations 2015.

10. Conclusion

10.1 The proposed service contract would enable the continued provision of lunchtime meals to nearly 1,800 Hampshire residents who are currently using the Meals on Wheels service. The service would continue to support these individuals to maintain and manage their nutrition and wellbeing, supporting them to live in their own homes within their communities. The proposed service would also broaden eligibility scope, to include a number of younger adults who are also assessed as needing support to manage and maintain their nutrition.

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

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	no
People in Hampshire enjoy being part of strong, inclusive communities:	no

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Community Meals Service reference 3921	3921	29.06.12
Proposed Price Increase Meals on Wheels	8051	17.01.17
Meals on Wheels Service	NA	22.11.17
Direct links to specific legislation or Government Directives		
<u>Title</u>		<u>Date</u>
Care Act 2014		April 2014
Care and Support (Eligibility Criteria) Regulations		2015
Care and Support Statutory Guidance, Department of Health		September 2016 (revised)

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:

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

1.2 Equalities Impact Assessment

In carrying out the Equalities Impact Assessment, those characteristics which relate specifically to the people using Meals on Wheels service have been specifically considered. These are disability, gender and age. The proposed new contract will ensure continued provision of a valued service to those over 55 and provide support to younger adults who also have a disability and a specific need for support to manage and maintain nutrition. The impact for religion and belief and rurality is recorded as neutral. This is because procuring the service would maintain the current positive impact.

Disability: Positive impact

Disability is of high relevance to the service as the majority of people currently using the service have physical and mental disability, including dementia, sensory loss and frailty. The service will have a greater impact now it will also meet the needs of individuals over 18 years with mental health issues, learning disabilities, dementia and physical disabilities.

The following data indicates the number of people in the general population within the relevant groups and how many receive Hampshire County Council domiciliary care support:

Customer groups	Estimated no. residents in Hampshire	No. residents receiving Hampshire County Council domiciliary care services
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A strength based approach will be used when assessing who should be referred to Meals on Wheels. Only those who are unable to prepare a meal and require additional assistance to manage and maintain their nutrition will be referred to the service. It is expected that very few individuals with physical disabilities or a history of substance misuse will require the service.

The number of calories required by a person per day varies according to age, gender and activity. It is acknowledged that younger adults who will use the service may need additional calories. Additional calories would be available with the purchase of a third course. It is noted that some individuals referred to this service may be overweight or obese and not in need of additional calories. The caseworker should assist their client to decide the number of courses and type of menu choice which would be appropriate when the individual starts the service.

By increasing the eligibility scope, a wider section of the community who have disabilities or mental health issues will be supported as needed.

Age: Positive impact

Procuring a new Meals on Wheels contract would provide continuity to existing service users. Currently customers are all over 55 years of age, with the majority also having a physical or mental disability. Over 64% of customers are aged 75 or over, with 36% aged between 55 and 75. Any changes in provision would have a high impact on this group of people.

The Joint Strategic Needs Assessment, 2017 (Hampshire County Council Health and Wellbeing Board) states that population increases are predicted amongst older age groups. The proportion of the 85 years and over population is expected to increase by almost 30%, to 54,600 people by 2023. Therefore, demand for the service is likely to grow.

The proposed extension to include relevant adults from 18 years of age upwards will have a positive impact on age.

Religion and belief: Neutral Impact

The proposed Meals on Wheels service would continue to provide meals which meet religious requirements and beliefs. Any customers who have these needs, would be provided with an appropriate meal.

Rurality: Neutral Impact

There will continue to be a positive impact with regard to rurality. The Meals on Wheels service would operate across the full geographical jurisdiction of Hampshire County Council, so a proportion of customers would live in rural areas.

2. Impact on Crime and Disorder:

2.1 No impact has been identified

Climate Change:

- a) How what does is being proposed impact on our carbon footprint / energy consumption?

It is recognised that the delivery aspect of the service has a negative impact on the environment.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

As a minimum, tenders will be required to demonstrate provision of sufficient hubs across Hampshire to create efficient delivery routes.