Cabinet

29 July 2025

Procurement of Recovery and Community Resilience Contracts

For Decision

Cabinet Member:
Cllr S Robinson, Adult Social Care

Local Councillor(s): **All**

Executive Director:
J Price, Executive Director of People - Adults

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Statutory Authority: Care Act 2014
Procurement Act 2023
The Health Care Services (Provider Selection Regime) Regulations 2023

Report status: Public (the exemption paragraph is N/A)

Executive summary

Recovery and Community Resilience services are commissioned homecare services that provide tailored support to people as they leave hospital or as they recover from crisis. They are mostly provided to older people. They are a critical part of the out-of-hospital support arrangements in place currently. They are funded through the NHS contribution to the Better Care Fund joint programme.

The FutureCare programme is currently reviewing how these services operate. However, the contracts are due to expire with no further options for extension. It is critical, both for individuals and the overall functioning of the hospital discharge system, that the services are maintained whilst the longer term plans are finalised. This paper requests permission for a direct award of a further contract to existing providers, pending the outcome of longer-term transformation planning.

1. Recommendation(s)

1.1 Cabinet is recommended to:

1. Note current performance and the importance of the Recovery & Community Resilience contracts in the operation of the local urgent and emergency care system;
2. Approve the use of the direct award process C under The Health Care Services (Provider Selection Regime) Regulations 2023 (PSR23), to award five contracts to the existing providers in order to continue the existing Recovery and Community Resilience (RCR) service; and
3. To delegate to the Executive Director of Adults & Housing, in consultation with the Section 151 Officer and the Cabinet Member for Adult Social Care, to make all necessary arrangements to give effect to the direct award to the existing providers.

2. Reason for the recommendation(s)

2.1 Dorset Council is the Lead Commissioner, on behalf of the Dorset Integrated Care System, for the Recovery and Community Resilience (RCR) contracts, which are funded in the main from NHS Contributions via the Better Care Fund. This is a critical service to avoid bed blocking with knock-on effects for the ICB and the Council. There is an essential requirement to have established contract provision in place.

2.2 The service is a key offer within the existing Urgent and Emergency Care (UEC) Discharge Pathways. Its purpose is to support individuals home from hospital with enhanced home care that focuses on recovery and regaining of independence. The service also supports individuals to remain at home, avoiding admission to hospital.

3. Report and decisions required

Background and current operating context

3.1 The RCR scheme was previously procured as a call-off from DCF2 - Lot 1 (care and support at home). The current contract has been extended to 31 August 2025 via Regulation 72 of the Public Contract Regulations 2015, but now must be re-tendered to comply with regulations as a further extension would not be legally compliant. Due to limited timescales, there would not be enough time to run a competitive tender process. Therefore, without a direct award option, the contracts would expire on 31 August without an alternative to replace them.

3.2 The Future Care Programme will transform Dorset's UEC approach, which is anticipated to alter what is required across discharge pathways in future. It is not therefore possible or advisable to conduct a full tendering exercise

until this transformation work is further progressed and the exact commissioning requirement is clearer.

3.3 Additionally, the agreement of the allocations within the 2025/26 Better Care Fund were delayed into the earlier part of this current year. The plan now has full sign-off, with allocations agreed. However, that delay meant that there was not a confirmed budget against which to initiate an earlier full tendering process under the Dorset Care Framework.

Current service performance

3.4 The RCR service supports on average 120-160 people at any one time, with only approx. 26% requiring long term care and support. Therefore, removal of the contracts, without an alternative provision, will have a significant impact on performance across the system. Most importantly, it will increase risk of poorer outcomes and experience for individuals, who would reside in hospital for longer than needed, as well as for those in crisis in the community.

3.5 The scheme currently provides 2,465 hours per week of enhanced care and support, reduced from 3,570 hours a week from 1 June 2024. There will be a small further reduction from 1 September 2025 to reflect reduced resources available from the Better Care Fund.

3.6 The scheme has supported almost 4000 individuals since its inception in November 2022. Outcomes for RCR remain good, with only 26% of individuals going on to need a long-term commissioned care package.

3.7 Three providers currently operate under five separate contracts to ensure balanced geographical coverage. The current providers have worked in partnership with Dorset Council since November 2022, to develop their staff by accessing training the council has put on for them. Together, we have developed the trusted review model to make best use of our collective resources, which has improved flow through Dorset's acute hospitals. There are no current significant quality or performance concerns about current provision.

Direct award proposal

3.8 A direct award is required due to the limited time available to retender the contracts due to uncertainty with the Future Care Programme development and health funding. A period of time is still required to allow for the partnership consultancy work (Future Care Programme) to be completed. This consultancy work will inform the specification for the new service so that it is fit for purpose on retender. A direct award will also relieve pressure on the system during the critical winter period.

3.9 The option to direct award is provided for in the Health Care Services (Provider Selection Regime) Regulations 2023. For a service to fall under these regulations, it must sit under one of the relevant health care services 'CPV codes'. The project team agreed that the RCR service would fall under the following CPV Codes:

- 85141000-9 (Services provided by medical personnel);
- 85141210-4 (Home medical treatment services); and
- 85312500-4 (Rehabilitation services, but only insofar as such services are provided to individuals to tackle substance misuse or for the rehabilitation of the mental or physical health of individuals).

3.10 Given the annual funding decisions under the Better Care Fund, and the status of the urgent and emergency care (FutureCare) transformation programme, the proposal is to award an initial 7-month contract, with three separate subsequent annual extension options (7 months +1yr +1yr +1yr). Whilst this provides flexibility and efficiency in the future contract management, it is expected that early in this contract period, the information and budget decisions will be settled to allow for a full tendering process to be undertaken.

3.11 The total financial envelope for the awards is a maximum full-year equivalent value of £3,265,354, as set out in the Better Care Fund plan. This is a small reduction on the previous year to take account of changed NHS allocations. The five providers are currently arranged across 9 individual contracts, reflecting different geographic delivery of services. This would be replicated, but with some minor amendment to reflect the recent trends in placement and where there is excess underused capacity.

Efficiency and value for money considerations

3.12 The current contracts are let at set hourly rates, which would continue into the new contracting arrangement. These rates are slightly higher than the standard Dorset Care Framework homecare rates, to reflect an enhanced specialism in delivering recovery-focused home support. The direct award is not proposing to change the hourly rates significantly, with any adjustment expected to be in line with this year's offer to wider Dorset Care Framework providers (2.7%).

3.13 In any event, all cost will be contained within the current overall NHS budget envelope. This will be achieved by taking the opportunity to more efficiently distribute the contract hours across the county, reflective of current need profiles. The current average utilisation has been around 85%, with a number of areas being in the early 90s% most of the time. The average is brought down by some overprovision in the east of the county, which will be

addressed in the new through this new contract award, with general greater flexibility being part of any agreed extension process.

3.14 Additionally, the providers have worked with the Council to upskill staff and to deliver trusted reviews to support decision-making for individuals at the end of the short-term support intervention. This is helping to avoid a significant amount of additional review activity for our locality teams, and continuing to draw on this capacity is a significant efficiency in our current operation. It is also working well for individuals, who experience fewer 'hand-offs' in their care journey.

4. Alternative options considered

4.1 Initially, it was intended to run a further competition from Lots 1 and 4 of the Dorset Care, Support, Housing and Community Safety Framework. Had this option been pursued, sign off from Cabinet would not have been required, as the Framework itself received Cabinet Approval on 22 June 2021. However, due to short timescales it was quickly discounted as being too difficult to guarantee award of a new arrangement by 1 September 2025, particularly given the potential for both TUPE transfer and complex system implementation requirements.

4.2 Three options were therefore explored in regard to the re-procurement of this service:

- Option 1 – Extend the current contract via another Reg72;
- Option 2 – Gap in provision;
- Option 3 – Direct Award under PSR23.

4.3 As outlined, extension via Regulation 72 was confirmed as not viable.

4.4 The risk of having a gap in the provision will be a significant delay in being able to discharge individuals, with significant implications for individuals, and a backlog once the contract commences.

4.5 Therefore the recommendation to directly award contracts under PSR23 is recommended.

5. Legal considerations

5.1 Both legal and procurement advice has been actively sought throughout the planning leading up to this decision.

5.2 No further extension to these contracts is permissible under the existing arrangements due to the extent and value of variations to date. The Health Care Services (Provider Selection Regime) Regulations 2023 provide an option to direct award these services, given the role that they play in the delivery of health and care services.

5.3 The project team reviewed the PSR 'Decision Tree' alongside the regulations, and this led to the conclusion that Direct Award Process C under the regulations is appropriate for the reasons outlined above.

5.4 Direct Award Process C may be used where:

- a current contract is due to end and the incumbent provider is performing to contract standard;
- will likely satisfy the new contract of same services (not new requirements);
- the proposed contracting arrangements are not changing considerably; and
- not awarded a framework agreement.

6. Financial implications

6.1 Since its inception, the Scheme has been mainly funded by NHS Dorset Integrated Care Board (ICB), via Better Care Fund (BCF) monies. The FutureCare programme will enable Dorset ICS to review how future BCF investment is focussed into urgent and emergency care pathways, but there is much work to complete before the system is able to plan how any re-configuration would take place.

6.2 For the current financial year 2025/26 BCF funding has been confirmed from Dorset ICB. Current year funding from the ICB is £3,265,354. This decision therefore represents no financial risk to the Council.

6.3 Current levels of activity represent a cost avoidance to the ICB of £98,000 per day (given an assumed cost of £700/per day for each occupied acute bed). For the Council, the avoidance of home care costs by reducing unnecessary long term care is estimated around c£1m per annum.

7. Natural environment, climate & ecology implications

7.1 There are no immediate implications from this decision, as it continues existing provision into the near future. However, under the FutureCare transformation programme, there is opportunity to continue to look for greater efficiency in the delivery of these services across the county, aligned to the ways in which our wider homecare is 'zoned' so that care workers' routes are more efficiently planned.

8. Well-being and health implications

8.1 No adverse impacts arise from the decision.

8.2 Not taking this decision, however, would lead to significant health and wellbeing implications as people receive less proactive help during crisis, or

are delayed longer in hospital beds, with the associated impact on hospital through-flow.

9. Other implications

9.1 None.

10. Risk implications

10.1 HAVING CONSIDERED: the risks associated with this decision; the level of risk has been identified as:

Current Risk: HIGH. Without action to direct award, the contracts would cease and a significant number of mainly older people would suffer delays in hospital, reduced reablement outcomes and longer-term adverse health and wellbeing outcomes. There would be a significant financial impact on health service partners and the Council.

Residual Risk: LOW. This is the most efficient way of continuing existing provision, protecting current patient flows and providing flexible community support to people, whilst the work is undertaken to review future requirements. The procurement has been assessed as legally compliant.

11. Equalities

11.1 As this is a proposal to continue existing services, there are no immediate equalities implications, either negative or positive. If the services were to cease, there would be significant adverse impact on older people, people with disabilities and mental health conditions and carers. Affected staff would be disproportionately women.

11.2 As part of the FutureCare plans, more detailed equalities assessments will accompany any decisions for longer-term commissioning of these services.

12. Appendices

12.1 None

13. Background papers

13.1 Integrated Care System – Urgent & Emergency Care Diagnostic – Report to the Health & Wellbeing Board, 20 November 2024

14. Report sign-off

14.1 This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring

Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s)