

## **CABINET**

**11 MARCH 2014**

### **GATEWAY 1 PROCUREMENT COMMENCEMENT: RESIDENTIAL AND NURSING CARE FOR WORKING AGE ADULTS**

Portfolio Holder: Councillor David Brake, Adult Services  
Report from: Barbara Peacock, Director of Children and Adults Services  
Author: Preeya Madhoo, Head of Category Management  
Jane Love, Head of Partnership Commissioning

#### **SUMMARY**

This report seeks permission to commence the procurement of Residential and Nursing Care for working age Adults. This Gateway 1 report has been approved for submission to the Cabinet after review from the Children and Adults Directorate Management Team and Procurement Board.

The Children and Adults Directorate Management Team has recommended that this project be approved as a Category B, high-risk procurement.

The political and/or service sensitivities are that these services support vulnerable adults who can no longer remain in their own home and who require 24 hour support within a residential or nursing care home.

#### **1. Budget and Policy Framework**

##### **1.1 Service Background Information**

1.1.1 Residential and nursing care for working age adults is care provided within a residential or nursing care setting where a person is no longer able to remain independent within their own home. Medway Council is projected to spend approximately £22 million in 2013/14 on these services. Service users who are placed in care by the Council must be identified as eligible under Fair Access to Care Services (FACS).

1.1.2 Placements in residential and nursing care are based on individual service user needs, with Social Care staff working with providers to determine the placement costs of a service user. As there is currently no framework in place, such as the banding for older people placements, there is disparity of prices across the different providers and client groups as providers are not subjected

to any formal competition. The proposed approach will ensure that there is a consistent and transparent approach to making placements.

## **1.2 Funding/Engagement From External Sources**

1.2.1 This service shall be funded from within the Adult Social Care existing budget.

## **1.3 Parent Company Guarantee/Performance Bond Required**

1.3.1 No

## **2. Procurement Dependencies and Obligations**

### **2.1 Project Dependency**

2.1.1 This procurement is dependent on the purchase of a suitable software package to support a Dynamic Purchasing System (DPS). The use of a DPS will allow the flexibility for providers to enter the market in Medway and will create a more diverse market that offers greater choice for service users as well being cost effective for the Council.

### **2.2 Statutory/Legal Obligations**

2.2.1 These services contribute to national and local plans:

- Council Plan 2013-2015
- Joint Strategic Needs Assessment
- 'Our Health Our Care Our Say' 2006
- Equality Legislation
- Improving the Life Chances of Disabled People 2005.

### 3. Business Case

#### 3.1 Procurement Project Outputs / Outcomes

3.1.1 As part of the successful delivery of this procurement requirement, the following procurement project outputs / outcomes within the table below have been identified as key and will be monitored as part of the procurement project delivery process.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
1. A service delivered against a specification designed to meet the needs of Service Users.	Person Centred Support Plan monitoring and reviews.	Adult Social Care and Children's Social Care Practitioners	Annual
	Contract and specification compliance	Partnership Commissioning	At least 6 monthly
2. Fair and transparent process for contract award	Through monitoring of centralised Placement Team data and analysis	Partnership Commissioning	Quarterly
3. Develop a competitive platform for Providers including local SMEs	Monitoring the Provider applications for the DPS.	Partnership Commissioning	Quarterly
	Regular updates at Provider forums to encourage participation.		
4. Consistent and good quality of service	Quality assessment as part of each placement. Service User surveys and feedback. Provider quality and compliance checks. Care Management review feedback	Partnership Commissioning	Annual

## 3.2 Procurement Project Management

3.2.1 The implementation of this project will be jointly lead by Partnership Commissioning and Category Management.

3.2.2 Partnership Commissioning will lead on internal engagement with the service departments. The proposal for the use of a DPS is one that is different to what has previously been the practise within the Council. Service development of the specification and the pricing models for each of the client groups will be fundamental to the success of the project. This includes research undertaken to determine how this service is operating in other areas and benchmarking costs with other local authorities.

3.2.3 Category Management will lead on the procurement of the DPS and the procurement of the residential and nursing care services.

3.2.4 The proposed timetable for Residential and Nursing Care is as follows:

Stage	Task	End Date	Role
Gateway 1 & 2	Approval to proceed from CADMT	04/02/2014	CADMT
	Approval to proceed from Procurement Board	18/02/2014	Board
	Approval to proceed from Cabinet	11/03/2014	Cabinet
	Finalise Specification	01/04/2014	Client & Cat Mgt
	Select DPS provider with implementation by 01/06/14	01/03/2014	CM/PC
	Select Tender Evaluation Panel	01/05/2014	Client & CM
	GW2	24/04/2014	CM
ITT (40 days minimum)	ITT Published	01/05/2014	CM
	Request TUPE information	04/04/2014	
	ITT Return Date (from date of issue)	13/06/2014	Bidders
	Compliance checks	20/06/2014	CM
	Evaluation completion & consensus	27/06/2014	Client
Gateway 3	Circulate for legal/ICT/finance comments	02/07/2014	CM
	GW3 to DMT	08/07/2014	Client
	Send to Procurement Board	08/07/2014	CM
	Approval to proceed from Procurement Board	16/07/2014	Board
	Approval to proceed from Cabinet	05/08/2014	Board
Award	Successful / Unsuccessful Letters	08/08/2014	CM
	Standstill period /Final testing DPS System	08/08/2014	CM/PC
	Award Notice	08/08/2014	CM
	Service Start DPS Go-Live	01/09/2014	Client

3.2.5 This timetable is dependent on having a Dynamic Purchasing System in place as well as trained internal staff and providers. Once the service is out to tender, providers will need to register for DPS, before they are able to tender for these services. This procurement is in relation to new placements in residential and nursing care only.

### **3.3 Post Procurement Contract Management**

3.3.1 The service will be contract managed by the Partnership Commissioning Team working closely with Adult Social Care Managers.

## **4. Market Conditions and Procurement Approach**

### **4.1 Market Conditions**

4.1.1 There is a well-established market locally already providing these services across all Service User groups. The proposed use of DPS will support the Medway market but will also encourage competition within the market.

4.1.2 It will ensure placements are made in a fair and transparent way across the market.

### **4.2 Procurement Process Proposed**

4.2.1 This is a Category B, High Risk procurement above the EU threshold of £173,934.00. The proposed procurement route for this service is an OJEU dynamic purchasing system, which is an electronic “open” procedure.

4.2.2 A dynamic purchasing system is a completely electronic process for making commonly used purchases for a period of up to four years.

### **4.3 Evaluation Criteria**

4.3.1 A quality/cost evaluation ratio of 70/30 will be applied for this procurement.

4.3.2 The service have requested for a 70/30 quality/cost evaluation of this procurement. The reason for this request is the procurement for this service is a two stage process. For every contract awarded through the dynamic purchasing system, there is an initial evaluation of quality and only following the minimum standard being achieved, will then price be evaluated. The tender also includes a pricing envelop for each of the client categories which again builds in savings and a greater control of price.

4.3.3 It is important that a larger percentage is given to the quality evaluation of this tender as there are a number of quality questions to be assessed for each award, and therefore sufficient weighting for each response is required.

4.3.4 As service users are vulnerable adults and the quality element is *quality of care*, assurance must be provided that the needs of the vulnerable adults are appropriately met and that the Council is fully meeting statutory duties accordingly.

4.3.5 Category management supports this suggested way forward.

## 5. RISK MANAGEMENT

### 5.1 Risk Categorisation

<b>1. Risk Category: Procurement Process</b>	<b>Likelihood: B</b>	<b>Impact: I</b>
<b>Outline Description:</b> The proposed procurement option relies upon an electronic purchasing system that requires resourcing and developing. This system must be able to support the intricacies of the service.		
<b>Plans to Mitigate:</b> Project plan for the development and implementation of a DPS. This will be procured separately.		
<b>2. Risk Category: Reputational/Political</b>	<b>Likelihood: D</b>	<b>Impact: II</b>
<b>Outline Description:</b> Provider market resistance to new approach in procuring services. Inadequate service and negative impact on the Council's reputation.		
<b>Plans to Mitigate:</b> Market engagement with training and support to Providers emphasising the benefits of the new approach. Sufficient lead in time for providers to register on the system. Robust contract management.		
<b>3. Risk Category: Contractual</b>	<b>Likelihood: D</b>	<b>Impact: II</b>
<b>Outline Description:</b> Provider may fail to fulfil contractual obligations.		
<b>Plans to Mitigate:</b> Clear specification supported with contract regulation and contract management procedures.		
<b>4. Risk Category: Service Delivery</b>	<b>Likelihood: D</b>	<b>Impact: II</b>
<b>Outline Description:</b> Provider/s may fail to deliver the required quality of service.		
<b>Plans to Mitigate:</b> Part of the placement of a service with a Provider includes a quality evaluation for service delivery. This will be monitored and managed through contract management processes supported by reporting and auditing regime.		

<b>5. Risk Category: Service Delivery</b>	<b>Likelihood: D</b>	<b>Impact: II</b>
<b>Outline Description:</b> Existing providers may not achieve the required quality of service to be part of the DPS		
<b>Plans to Mitigate:</b> Engagement with providers to provide clarification with regard to the Council's expectation on the level of quality required for the delivery of services to children and adults. Quality monitoring within partnership commissioning and training providers to achieve the sufficient requirements.		

## **6. Consultation**

### **6.1 Internal (Medway) Stakeholder Consultation**

6.1.1 A project group will be established to work on the development of templates, confirmation of the pricing envelopes and confirmation of the new process for care managers through the establishment of the DPS. This will ensure that appropriate quality safeguards are in place and the process is fully supported across the services.

### **6.2 External Stakeholder Consultation**

6.2.1 Training and engagement will be undertaken with providers as this will be key to this new way of working.

6.2.2 Registration on the DPS will be required for providers to be able to submit an interest in the delivery of a new care placements.

## **7. Procurement Board**

7.1 The Procurement Board has considered this report on 18 February 2014 and supported the recommendations below.

## **8. Service Implications**

### **8.1 Financial Implications**

8.1.1 The procurement requirement and its associated delivery will be funded from existing revenue budgets.

8.1.2 Further detail is contained within section 2.1 Finance Analysis of the Exempt Appendix.

### **8.2 Legal Implications**

8.2.1 The proposal to utilise the dynamic purchasing system for this proposed services procurement is permitted under the Public Contracts Procurement Regulations 2006. Any other legal implications are contained within this report.

### **8.3 TUPE Implications**

8.3.1 TUPE does not apply and this procurement will be for new residential and nursing care placements only.

### **8.4 Procurement Implications**

8.4.1 The value of this procurement requirement is above the EU Procurement Threshold for Service of £173,934.00 and therefore must be undertaken in compliance with EU Procurement Regulations. The proposed option in section 4.2 shall be a new approach for the Council and will require the development and implementation of an electronic



purchasing system. The proposed option will also require training of both internal staff and training and engagement of the supply chain.

## **8.5 ICT Implications**

- 8.5.1 This proposal includes a Dynamic Purchasing System (DPS) to manage the tender process for the service providers. Category Management have identified that there are limited options for this system, but it is proposed that engagement with ICT takes place to ensure that the Council's corporate standards and architectural principles are adhered to with any new proposal. As there are requirements to reduce rather than increase the application estate, it is also recommended that existing systems are considered first to investigate whether there is a system already in use within the Council that could perform the functionality required of a DPS.
- 8.5.2 The full costs of any proposed solution need to be clarified, assurance on Information Governance and ongoing revenue and hosting costs before a final decision on a preferred solution can be made.
- 8.5.3 For all recommendations, there will need to be involvement from ICT, but due to the current ICT programmes of work, there is limited capacity within the ICT resource pool to deliver additional requirements in the short term, and so costs for external contractors would need to be considered should ICT resources be unable to meet any critical milestones.
- 8.5.4 The proposal for a DPS was discussed in more detail at the Corporate ICT Systems Board in February. Category management representative has been invited to be part of the Board.

## **9. Other Considerations**

### **9.1 Diversity & Equality**

- 9.1.1 The Equality Act 2010 will be a clause in the general terms and conditions of the contract that the successful contractor/s will be contractually bound to adhere to.

### **9.2 Social, Economic & Environmental Considerations**

- 9.2.1 The Public Services (Social Value) Act 2012 requires local authorities to consider at the pre-procurement stage of any services contract:
- 1) How what is proposed to be procured might improve the economic, social and environmental well-being of their areas and
  - 2) How the local authority might act with a view to securing that improvement in conducting the procurement process.
- 9.2.2 This procurement will create a level playing field for all Providers opening up opportunities for local SMEs. Furthermore, the proposed

option encourages growth opportunities for the local market to develop new and innovative service offerings.

## 10. Recommendation

10.1 The Cabinet is requested to approve the commencement of this procurement on the basis set out in paragraph 4.2 of the report.

## 11. Suggested Reasons for Decision

11.1 The Council is required to tender these services in line with the Council's procurement rules and to ensure the tendering of services is compliant with the EU procurement regulations.

### Lead Officer Contact:

<b>Name</b>	Preeya Madhoo	<b>Title</b>	Head of Category Management -People
<b>Department</b>	Category management	<b>Directorate</b>	Legal and Corporate services
<b>Extension</b>	1042	<b>Email</b>	<a href="mailto:preeya.madhoo@medway.gov.uk">preeya.madhoo@medway.gov.uk</a>

### Background Papers:

Children and Adults Directorate Management Team paper approving the proposal for the use of a Dynamic Purchasing System.