

## **CABINET**

**16 DECEMBER 2014**

### **GATEWAY 3 CONTRACT AWARD: HOMECARE SERVICES FRAMEWORK – REFRESH**

Portfolio Holder: Councillor David Brake, Adult Services

Report from: Barbara Peacock, Director of Children and Adults Services

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#### **SUMMARY**

This report seeks permission to admit the supplier(s) highlighted within Section 3.2 of the Exempt Appendix onto the Homecare Services Framework.

The Cabinet approved the procurement contract award to a number of providers at Gateway 3 on 2 October 2012.

This Gateway 3 Report has been approved for submission to the Cabinet after review by the Children and Adults Directorate Management Team Meeting on 25 November 2014 and Procurement Board on 3 December 2014.

#### **1. BACKGROUND INFORMATION**

##### **1.1 Budget & Policy Framework**

###### **1.1.1 Contract Award Decision**

Homecare services are crucial for Medway's residents in terms of the Council's priority for adults maintaining their independence and living healthy lives.

The decision to admit suppliers as highlighted within 3.2 of the Exempt Appendix onto the Homecare Services Framework is within the Council's policy and budget framework and ties in with all the identified Core Values, Strategic Priorities, Strategic Council Obligations and

Departmental / Directorate service plans as highlighted within the Procurement Gateway 1 Report.

## **1.2 Statutory Requirements**

- 1.2.1 The Council has a range of statutory duties and powers to provide services to vulnerable adults such as older people, people with learning disabilities, physically disabled people, people with mental health problems, drug and alcohol misusers and carers. Duties and powers are contained within the National Assistance Act 1948, the Chronically Sick and Disabled Persons Act 1970, the NHS and Community Care Act 1990, the Mental Health Act 1983 together with other statutes and regulations.
- 1.2.2 Local authorities can provide or commission services in a variety of ways to meet the needs of those it assesses as eligible for services. Indeed the personalisation agenda encourages a move away from direct provision by local authorities to personal budgets allowing service users the choice to purchase services from a range of providers.
- 1.2.3 Homecare services provide care and support to eligible vulnerable individuals to enable them to remain within their own home and community. Homecare is only provided where there is an assessed need for the service and a financial assessment is made to determine the contributions towards the cost of care payable by the service user. The assessments are in line with Medway Council's Fair Access to Care Services (FACS) eligibility criteria. A failure to facilitate a supply of good quality Homecare services would result in a high number of admissions to residential and hospital care with the subsequent high social and financial cost. The Care Quality Commission regulates Homecare services.

## **1.3 Background Information**

- 1.3.1 Medway Council let a Framework Agreement in December 2012 for the provision of Homecare services. The Homecare Services Framework has an aggregated value of £45,000,000 and is based on a Gold, Silver and Bronze rating which reflects the provider's value for money. Providers rated as Gold have the first opportunity to respond to referrals of care packages which they 'win' by being able to demonstrate their ability to best meet the preferences of the service user in terms of how the care is delivered. There are currently 15 providers on the framework: 8 in the gold band, 6 in the silver band and 1 in the bronze band.
- 1.3.2 All suppliers are subject to quality monitoring through a set of Key Performance Indicators on a six monthly basis. The outcome of the monitoring can alter their position within the framework.

1.3.3 The category strategy was to open the agreement up on an annual basis to allow new providers to gain a place on the framework and allow existing providers to improve their position.

1.3.4 Since establishing the framework 5 providers have withdrawn from delivering services.

## **2. PROCUREMENT PROCESS**

### **2.1 Procurement Process Undertaken**

2.1.1 In accordance with Medway Council's Contract Procedure Rules the procurement of the Framework was subjected to a formal tender process under EU regulations as the associated total contract value of this group of contracts are above the EU Procurement Threshold for Services of £173,934.00.

2.1.2 The Framework was publicly advertised in the Official Journal of the European Union (OJEU) on 23 July 2012 under the open procedure hence this invitation to tender was published solely on the Kent Business Portal on September 12, 2014.

2.1.3 The deadline for tender submissions was 12:00 noon on 27 October 2014. Eighteen tenders were received by the prescribed time and date required by Medway Council. The tender submissions were assessed using the evaluation criteria detailed below.

### **2.2 Evaluation Criteria**

2.2.1 The evaluation criteria set within the Invitation To Tender document was Most Economically Advantageous Tender (MEAT) based upon a composite mixture of quality and price: - 70 % for quality and 30 % price equating to 100% in total.

2.2.2 While the price evaluation criteria for both existing and new providers were the tendered rates, the quality evaluation criteria differed.

2.2.3 For new providers, the quality criteria focussed on their experience and capability while Key Performance Indicators (KPIs) scores formed the quality criteria for evaluating submissions from existing providers.

2.2.4 Re-submitted rates from existing providers were evaluated as per the price evaluation formula and scores added to KPI performance reviews to give a total score which determined what band Suppliers were placed into.

2.2.5 Evaluation criteria for new and existing providers are shown in Table 1 and 2.

**Table 1: Evaluation criteria for new providers**

<b>Evaluation Section</b>	<b>Criteria</b>	<b>Weighting</b>
<b>1. Pricing Evaluation</b>	Tendered Rates	30%
<b>2. Quality Evaluation</b>	Experience and Capability	70%

**Table 2: Evaluation criteria for existing providers**

<b>Evaluation Section</b>	<b>Criteria</b>	<b>Weighting</b>
<b>1. Pricing Evaluation</b>	Tendered Rates	30%
<b>2. Quality Evaluation</b>	Key Performance Indicators	70%

2.2.6 Eighteen compliant submissions were evaluated following a compliance check against the instructions set out in the Invitation To Tender (ITT) document. Two of the eighteen submissions were from providers already on the Framework.

2.2.7 The results of this evaluation process are set out in the Exempt Appendix.

### **2.3 Ranking**

2.3.1 The Homecare Services Framework contracts do not guarantee work to those that are placed on it. It is based on a Gold, Silver and Bronze rating which reflects the provider's value for money. The scoring criteria for ranking are shown in Table 3.

**Table 3: Scoring criteria for ranking**

<b>Band</b>	<b>Score</b>
Gold	70% or over
Silver	60%-69%
Bronze	50%-59%

### 3. BUSINESS CASE

#### 3.1 Delivery of Procurement Project Outputs / Outcomes

3.1.1 The following procurement outcomes/outputs identified as important at Gateway 1 to the delivery of this procurement requirement have been appraised in the table below to demonstrate how the framework will deliver the said outcomes/outputs.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?	How will the recommended framework deliver the outputs/outcomes?
<p>Appointing homecare providers that can deliver the service requirements</p>	<p>The performance indicators will be reported every six months by providers and verified through site visits.</p> <p>The outcome of these indicators will determine the subsequent rating of the provider.</p> <p>Service user surveys and feedback</p>	<p>Adult Social Care Teams</p> <ul style="list-style-type: none"> <li>• Partnership Commissioning Team</li> <li>• Placement Team</li> <li>• Performance and Intelligence Team</li> <li>• Care Managers/Social Workers</li> </ul>	<p>On a six monthly basis</p> <p>As per the schedule in the contract</p>	<p>There is a model of delivery in place which promotes and rewards continuous improvement by differentiating through Gold, Silver and Bronze ratings for best value.</p> <p>The Council has published price envelopes which it considers to be appropriate for delivering the service requirements.</p>

## 4. RISK MANAGEMENT

### 4.1 Risk Categorisation

<b>1. Risk Category:</b> Service delivery	<b>Likelihood:</b> Low	<b>Impact:</b> Catastrophic
<b>Outline Description:</b> Providers may bid too low in the price envelope and compromise quality.		
<b>Plans to Mitigate:</b> Price envelope took into account information gathered from KCCA, other local authorities and sources of intelligence in terms of the true cost of care.  Robust financial review of tender submissions.  Six monthly KPI reviews so that providers strive for continuous improvement.  Opportunity for providers to resubmit prices within republished envelopes when the framework is re-opened.		
<b>2. Risk Category:</b> Contractual delivery	<b>Likelihood:</b> Low	<b>Impact:</b> Critical
<b>Outline Description:</b> Providers are not robustly managed to deliver the key objectives of the contract which are <ul style="list-style-type: none"><li>- continuous improvement</li><li>- enablement</li></ul>		
<b>Plans to Mitigate:</b> Partnership working between the Category Management Team, Partnership Commissioning Team and the Performance & Intelligence Team.		
<b>3. Risk Category:</b> Contractual delivery	<b>Likelihood:</b> Low	<b>Impact:</b> Critical
<b>Outline Description:</b> Providers unable to deliver care packages.  Failure of contractors to deliver contractual arrangements.		

**Plans to Mitigate:** Use of Framework I to place clients in situations where client numbers are very small.

Framework agreement builds in mini competitions to appoint providers who demonstrate their ability to deliver the care packages.

**4. Risk Category:** Equalities

**Likelihood:** Low

**Impact:** Catastrophic

**Outline Description:** Service users with complex care needs may not be supported due to the rates of the price envelopes.

**Plans to Mitigate:** An enhancement of 20% is available to providers where they provide support to people with complex care needs.

**5. Risk category:** Reputation/political

**Likelihood:** Low

**Impact:** Critical

**Outline Description:** Disruption caused to service users should the need to transfer care packages arise.

**Plans to Mitigate:**

A communication strategy to underpin a Transition Plan. The strategy will set out the Council's response to service users, their carers and providers affected by activities relating to transfer of packages.

## **5. PROCUREMENT BOARD**

- 5.1 The Procurement Board considered this report on 3 December 2014 and supported the recommendation as set out in paragraph 7 below.

## **6. SERVICE COMMENTS**

### **6.1 Financial Comments**

- 6.1.1 The procurement requirement and its associated delivery as per the recommendations at Section 6 will be funded from existing revenue budgets.

- 6.1.2 Further detail is contained within Section 2 Financial Analysis of the Exempt Appendix.

### **6.2 Legal Comments**

- 6.2.1 Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.

- 6.2.2 This is a Level 4 High Risk Category B procurement and therefore the decision to award is for Cabinet.

### **6.3 TUPE Comments**

There are no TUPE implications.

### **6.4 Procurement Comments**

- 6.4.1 The rationale for re-opening the Framework was the twin goals of readmission of current providers onto the Framework and also the opportunity to improve ranking and increase competition. The Framework was not refreshed last year as the capacity of original providers met the needs of service users. There was the need to retender for 2014/15 as a number of providers have dropped off the Framework. More market participation through re-tendering has encouraged new entrants to compete on the Framework.

### **6.5 ICT Comments**

- 6.5.1 There are no ICT implications.

## **7. RECOMMENDATION**

- 7.1 Cabinet is recommended to admit the providers as set out in paragraph 3.2 'contract award recommendation' of the exempt appendix to the Homecare Services Framework.



## 8. SUGGESTED REASONS FOR DECISION

- 8.1 It is recommended that the successful tenderers be admitted onto the Homecare Services Framework because they have demonstrated the ability to deliver services at, or exceed, the minimum standard required for Homecare Services. They have also demonstrated the ability to deliver services at cost effective rates within the price envelopes published as part of the tender exercise.

### LEAD OFFICER CONTACT:

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### BACKGROUND PAPERS

The following documents have been relied upon in the preparation of this report:

Description of Document	Location	Date
Homecare & Extracare Services Gateway 3 Report	<a href="http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Id=9063">http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Id=9063</a>	2 October 2012
Homecare Services Gateway 1 Report	<a href="http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Id=6041">http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Id=6041</a>	6 September 2011