

CABINET

16 JUNE 2015

GATEWAY 3 CONTRACT AWARD: DYNAMIC PURCHASING SYSTEM - SUPPORTED LIVING SERVICES FOR ADULTS

Portfolio Holder: Councillor David Brake, Adult Services

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

Authors: Kerry Tappenden, Senior Commissioning Officer
Sandra Asiedu, Graduate Trainee, Category Management

SUMMARY

This report seeks permission to admit the suppliers highlighted in section 3.3 of the Exempt Appendix to the Dynamic Purchasing System (DPS) for Supported Living services so that the DPS can be used to award contracts for individual placements to appropriate suppliers.

The Cabinet approved this requirement at Gateway 1 on 11 March 2014 (decision number 58/2014).

This Gateway 3 Report has been approved for submission to the Cabinet after review and discussion at the Children and Adults Directorate Management Team Meeting on 28 April 2015 and the Procurement Board on 13 May 2015.

1. BACKGROUND INFORMATION

1.1 Statutory Requirements

1.1.1 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, the Care Act 2014, together with other statutes and regulations.

1.1.2 Supported living services for Adult Social Care have been developed as an alternative to residential care in providing support to people living

independently in their own accommodation who are assessed as being eligible for services.

- 1.1.3 Supported Living has no legal definition but has a common set of principles that are defined in the REACH Standards. The main principles of supported living are that people own or rent their home, have control over the support they get, where and who they live with (if anyone) and how they live their lives.
- 1.1.4 The Medway definition for Supported Living services is “to promote service users self-determination and personal responsibility and re-establish lost skills or develop new skills. Packages of support may vary from a couple of hours per week to support provided 24 hours a day, 7 days a week and shall be provided in the home environment or in the community to support individuals with all aspects of their chosen lifestyle.”

1.2 Dynamic Purchasing System

- 1.2.1 A Dynamic Purchasing System is a completely electronic system of limited duration (in our case four years) which is:
 - (a) established by a contracting authority to purchase commonly used goods, work, works or services; and
 - (b) open throughout its duration for the admission of economic operators which:
 - (i) satisfy the selection criteria specified by the contracting authority; and
 - (ii) submit an indicative tender to the contracting authority or person operating the system on its behalf which complies with the specification required by that contracting authority or person.
- 1.2.2 The establishment of the system and award of contracts under it are done using electronic means only. The DPS will allow each individual placement to be evaluated against the needs of the individual and on completion of the quality assessment, will then allow for competitive identification of pricing across a range of providers.
- 1.2.3 The Council currently pays a wide range of prices for residential care and supported living, however, through the use of a DPS, the Council would be better placed to manage and control prices, whilst getting the best price to support a service user’s needs.
- 1.2.4 Through the DPS the Council will be able to establish a minimum quality threshold for providers that the Council is willing to engage with and will be similar to an invitation to tender process. Once providers have been assessed, in terms of their quality, experience and expertise, they will be admitted to the DPS. These providers will have sight of all new placement requirements and as such will be able to set out how they will be able to meet the needs of the service user.

- 1.2.5 Based on their ability to meet the specified needs of individual service users, providers will be evaluated and those who demonstrate that they are able to meet the minimum requirement of the placement, will then be able to move to the next stage and submit a price for the care placement.
- 1.2.6 DPS is for NEW individual support packages only. The current budgeted spend of £4.3 million is already committed to existing packages and have historically been commissioned on a spot purchase basis. The Council reserves the right to review existing packages and put them through the DPS process where they do not represent value for money. A Diversity Impact Assessment has been completed for this new service (Appendix 1).

1.3 Funding/Engagement from External Sources

- 1.3.1 The individual support packages will be funded from the Adults Social Care budget.

2. PROCUREMENT PROCESS

2.1 Procurement Process Undertaken

- 2.1.1 The establishment of the Dynamic Purchasing System was subjected to a formal tender process under EU Procurement Directives as the associated total contract value of this group of contracts is above the EU Procurement Threshold for Services of £172,514. This procurement was also undertaken in accordance with Medway Council Contract Procedure Rules.
- 2.1.2 An open procedure contract notice was advertised in the Official Journal of the European Union (OJEU) on 28 January 2015. An invitation to tender was published on the Kent Business Portal on 28 January 2015.
- 2.1.3 The deadline for tender submissions was 27 February 2015. 21 bids were received at the end of the stated period. The Exempt Appendix highlights the 21 tenders which were received by the stipulated date and time.
- 2.1.4 The tender submissions were assessed using the evaluation criteria detailed in section 2.2.

2.2 Evaluation Criteria

2.2.1 Indicative tenders

Applicants were expected to meet the minimum standard/eligibility /selection criteria referred to in the 'Selection' and 'Tender' sections of the indicative tender

- Minimum Standard: pass/fail
- Scored assessment: applicants were required to score at least 3 marks for each question to qualify
- Price: applicants were short listed if they consented to deliver the care packages within indicated price caps.

2.2.2 Invitation to tender for actual contracts

The evaluation criteria set within the Invitation To Tender document was Most Economically Advantageous Tender (MEAT) based upon a composite mixture of 60% quality and 40% price. These will be applied to actual contracts in respect of this procurement.

Evaluation Section	Criteria	Weighting
Pricing Evaluation	Individual care package price	40%
Quality Evaluation	Needs of the Service User	60%

2.3 Other information

2.3.1 Twelve small and medium enterprises (SMEs) submitted bids as part of this procurement process. Out of the 21 providers that bid to join the DPS, eight were large organisations; five medium sized and seven were small organisations. 1 of the bidding providers is a social enterprise.

The table below provides a breakdown of providers by category.

Company Category	Number of bidders
Small	7
Medium	5
Large	8
Social Enterprise	1

2.3.2 In terms of geographical location; six of the bidders are based in Medway, eight are based elsewhere in Kent with the remaining located in areas outside of Kent including London.

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 recommended procurement contract award will deliver said outcomes/outputs.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?	How will recommended procurement contract award deliver outputs/outcomes?
<p>Appointing supported living providers that can deliver the service requirements.</p> <p>A service delivered against a specification designed to meet the needs of Service Users.</p>	<p>By the tender scores – Only providers who meet the minimum standard will be admitted to the DPS</p>	<p>Procurement Lead Commissioners</p>	<p>Post evaluation of tender – GW3 paper</p>	<p>Providers have to meet a strict quality criteria to be admitted to the DPS</p> <p>Successful providers have accepted to deliver services within the price caps published in the tender.</p>
<p>Service Outcomes</p> <ul style="list-style-type: none"> - Provider delivers the service/support according to the requirements of the Specification - Provider demonstrates improvements in the quality and effectiveness of the services and support provided 	<p>Performance indicators will be reported on by providers and verified, where necessary through compliance activity</p> <p>Service user surveys and feedback</p> <p>Annual reports</p>	<p>Adult Social Care Teams</p> <ul style="list-style-type: none"> • Partnership Commissioning Team • Placement Team • Performance and Intelligence Team • Social Workers 	<p>On an annual basis</p> <p>As per the schedule in the contract</p>	<p>Only providers that are able to demonstrate ability to deliver services in accordance with the specification will be awarded a place on the Dynamic Purchasing System</p>

Staff are competent and supported to undertake their roles	Annual contract review meeting			
Service Users will be supported to exercise maximum choice and control over their own life and develop self-help skills required to maintain their independence	Person Centred Support Plans Review of risk assessment	Social Workers	In line with each individual's review of their support plan.	Only providers that are able to demonstrate ability to deliver services in accordance with the specification will be awarded a place on the Dynamic Purchasing System
Service Users are supported to participate as active and equal citizens within their home and community	Identification of relevant activities Identification of Service Users friends and support systems Service Users to access and be supported to use self-advocacy/advocacy services	Adult Social Care Teams <ul style="list-style-type: none"> • Social Workers • Partnership Commissioning Team • Placement Team 	In line with each individual's review of their support plan.	Only providers that are able to demonstrate ability to deliver services in accordance with the specification will be awarded a place on the Dynamic Purchasing System
Fair and transparent process for contract award	Through monitoring of centralised Placement Team data and analysis	Partnership Commissioning Placement Team	On a quarterly basis	Only providers that are able to demonstrate ability to deliver services in accordance with the specification will be awarded a place on the Dynamic Purchasing System
Develop a competitive platform for Providers	Monitoring the category of providers who apply to	Partnership Commissioning	On a quarterly basis	Only providers that are able to demonstrate ability to

including local SMEs	join the DPS. Regular updates at Provider forums to encourage participation from SMEs			deliver services in accordance with the specification will be awarded a place on the Dynamic Purchasing System
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	Annually	Only providers that are able to demonstrate ability to deliver services in accordance with the specification will be awarded a place on the Dynamic Purchasing System

4. RISK MANAGEMENT

4.1 Risk Categorisation

1. Risk Category: Procurement Process	Likelihood: B	Impact: I
<p>Outline Description: 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.</p>		
<p>Plans to Mitigate: There is a project plan for the operation and implementation of the DPS for Supported Living.</p>		
2. Risk Category: ICT (Pro-Contract)	Likelihood: B	Impact: I
<p>Outline Description: The software as well as human resources must be available for the duration of the contract. By maintaining a live DPS for four years, resources need to be made available from the Category Management Team, Partnership Commissioning Team (including the Access to Resources Team) and wider social care colleagues to implement and manage the process including contract award for placements.</p>		
<p>Plans to Mitigate: The Category Management Team will retain responsibility for the system and licence for the duration of the DPS, however the process will be implemented and facilitated by the Access to Resources Team. The Access to Resources Team will be trained to manage the process electronically on Pro-contract. The Partnership Commissioning Team will regularly review the effectiveness of the electronic system used for the DPS.</p>		
3. Risk Category: Reputational/Political	Likelihood: D	Impact: II
<p>Outline Description: Plans to implement a completely electronic system is likely to attract media interest. Kent County Council were recently featured in the local media for introducing a similar service for Older Peoples Residential/Nursing Care. A Diversity Impact Assessment has been completed for this new service. Additionally, provider market may resist the new approach to procuring services.</p>		

Plans to Mitigate:

With regards to media interest, external communication will explain fully how the DPS will work and reassure the public as a whole that the interest of service users are central to the establishment of the system and that the principles and values of care will not be neglected in the implementation of the DPS.

With regards to service providers, consultations and market engagement events will be held to discuss concerns around the system. Training and support will be available to service providers and the benefits of the new approach will be emphasized. Sufficient lead in time has been built into the procurement process to allow providers to register on the system. Contract management will also be robust.

4. Risk Category: Contractual**Likelihood: D****Impact: II**

Outline Description: Providers may fail to fulfil contractual obligations.

Plans to Mitigate: Clear specification supported with contract regulation and contract management procedures

5. Risk Category: Service Delivery**Likelihood: D****Impact: II**

Outline Description: Providers may fail to deliver the required quality of service.

Plans to Mitigate: 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.

5. PROCUREMENT BOARD

- 5.1 The Procurement Board considered this report on 13 May 2015 and supported the recommendation 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 7, will be funded from existing revenue budgets.
- 6.1.2 Further detail is contained within section 2.1 Financial Analysis of the Exempt Appendix.

6.2 Legal Comments

- 6.2.1 The Council has power to enter into contracts pursuant to the Local Government Contracts Act 1997 and the general power of competence in the Localism Act 2011.
- 6.2.2 As this procurement commenced before 26 February 2015 it will be regulated by the Public Contracts Regulations 2006.
- 6.2.3 As this has been categorised as a high risk procurement, the decision to admit suppliers to the DPS is a decision for Cabinet.

6.3 TUPE Comments

- 6.3.1 TUPE rules are not considered relevant for this procurement.

6.4 Procurement Comments

- 6.4.1 The delivery of this contract will provide efficiencies within the service and enable the business to gain value for money while maintaining high quality services.
- 6.4.2 Using a DPS model is new to this service and will help to keep the market tangible as we move forward ensuring the business constantly gains best value

6.5 ICT Comments

- 6.5.1 The Citizen Portal, Assist, is currently being implemented to provide access to information, advice and guidance on the services available to support local people which may include provision of a service, or parts of a service. Initially this is focussing on adult services in response to the Care Act requirements, but in the future this could be expanded to include working with other local authorities, health services, children and family services, or to reuse information from other local or national sources.

- 6.5.2 In addition, the portal will also communicate processes and issues around obtaining council social care, enabling the Council to communicate its main messages about social care. Another feature of the Citizen Portal is to provide an e-marketplace where service providers providing care services such as equipment, care homes, carer services etc can advertise their services for purchase. The portal is scheduled for completion by the end of July in its basic format, and further work will be carried out to increase the provider services included over the coming months.
- 6.5.3 The final stage will be to include online assessments and integration with the social care case management system Frameworki. Because of the similarities between this system and the Dynamic Purchasing System being proposed, there is a concern from the ICT aspect that we could have significant duplication in the future, from the customer aspect in that they are expected to go to multiple places to find similar information and services, and from the provider in that they are required to advertise on multiple sites, potentially leading to confusion. Having raised this concern, a small working group is being established to explore and review these services to see whether any links and rationalisation can be made between the Citizen Portal and DPS and whether the Citizen Portal will be able to provide services in the future currently provided by the DPS.

7. RECOMMENDATION

- 7.1 It is recommended that the tenderers as outlined in Section 3.3 of the exempt appendix be admitted onto the Supported Living Dynamic Purchasing System.
- 7.2 It is recommended that that a Dynamic Purchasing System Supported Living Briefing Note be presented annually to Procurement Board and Cabinet which will provide an update on the number of providers who join the Dynamic Purchasing System at a later stage.

8. SUGGESTED REASONS FOR DECISION

- 8.1 The tenderers which have been recommended for approval have demonstrated the ability to deliver services at, or exceed, the minimum standard required for Supported Living. They have accepted to deliver services at cost effective rates within the price cap published as part of the tender exercise.
- 8.2 As the terms of the Dynamic Purchasing System permits new providers to join at any point during the life of the system, the DPS Supported Living Briefing Note will provide an update on the number of providers who join the Dynamic Purchasing System at a later stage.

LEAD OFFICER CONTACT

Name	Kerry Tappenden Sandra Asiedu	Title	Senior Commissioning Officer Graduate Trainee, Category Management
-------------	----------------------------------	--------------	---

Department	Partnership Commissioning Category Management	Directorate	Children and Adults Business Support
-------------------	--	--------------------	---

Extension	3537 7082	Email	kerry.tappenden@medway.gov.uk sandra.asiedu@medway.gov.uk
------------------	--------------	--------------	--

BACKGROUND PAPERS

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

Description of Document	Location	Date
Cabinet Report (decision number 58/2014)	http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2766&Ver=4	11 March 2014

Diversity impact assessment

Appendix 1

<p>TITLE <i>Name/description of the issue being assessed</i></p>	<p>Introduction of a Dynamic Purchasing System for commissioning Supported Living Services for people with Learning Disabilities, Mental Health Needs, Sensory Impairment, Physical Disabilities, Autistic Spectrum Conditions, People with Multiple and Complex Needs for adults aged 18 years and over.</p>
<p>DATE <i>Date the DIA is completed</i></p>	<p>10 April 2015</p>
<p>LEAD OFFICER <i>Name and title of person responsible for carrying out the DIA.</i></p>	<p>Paul Mellish, Programme Lead for Accommodation and Registered Services</p>

1 Summary description of the proposed change

- *What is the change to policy/service/new project that is being proposed?*
- *How does it compare with the current situation?*

Supported Living Services promote adult Service Users' self-determination and personal responsibility and they support service users to re-establish lost skills or develop new skills. Packages of support may vary from a couple of hours a week to support provided 24 hours a day, 7 days a week and are provided in the service users home environment and they support the person's inclusion in their local community. Where required, they can include supporting people with their personal care needs, which is subtly different to home care. Supported Living services can be purchased for a single Service User on an individual basis or for two or more Service Users on a shared basis in shared accommodation. This service does not include the provision of accommodation or housing.

The current situation with regards to Supported Living Services is that they are currently commissioned on a case by case basis through a spot purchase agreement. This approach results in little or no benchmarking of costs, no competition, and the quality of current service provision is variable.

Medway Council is ensuring that the quality of person centred support is more consistent for these client groups and more cost effective for the Council by introducing an effective means of commissioning Supported Living Services, by way of introducing a Dynamic Purchasing System.

A Dynamic Purchasing System is an efficient way of matching providers to service user needs and creates competition amongst providers, whilst allowing service user choice, but above all delivers a quality service, by introducing a minimum quality criteria to be met. Medway Council aims to introduce a Dynamic Purchasing System for a period of at least 4 years. During this time, providers will be able to submit a tender to join the Dynamic

Diversity impact assessment

Purchasing System as it will remain live throughout. All providers awarded a place on the Council's Dynamic Purchasing System will be notified as and when an individual support package for Supported Living is required. Providers will be given an opportunity to consider the requirements and submit a bid for the service.

The Council does not guarantee any volume of business to providers awarded a place on the Dynamic Purchasing System.

This will not undermine the current market delivery arrangements and there will be no change to those service users currently in receipt of supported living services. We estimate this to be approximately 93 service users in Medway. The introduction of the Dynamic Purchasing System is for new packages of support only. However the council reserves the right to negotiate those packages that are not considered value for money.

2 Summary of evidence used to support this assessment

- *Eg: Feedback from consultation, performance information, service user records etc.*
- *Eg: Comparison of service user profile with Medway Community Profile*

The Partnership Commissioning Team, in partnership with Category Management consulted with nine local authorities to benchmark supported living prices and understand the methods used to commission Supported Living Services. This varies from spot purchase arrangements to the use of brokerage teams.

A steering group was established to gather information, analyse current spend/need and develop a model of Supported Living to best fit the needs of Medway Service Users. This included a series of consultation events and the feedback from these was incorporated into the final service specification for this service.

Analysis was undertaken of the three primary client groups; learning disability; physical disability and mental health. There are a higher proportion of clients with a learning disability receiving Supported Living Services (78%) in Medway. Support varies from 4 hours per week to 168 hours support per week.

The current gender profile of service users is 60% male and 40% female.

Diversity impact assessment

3 What is the likely impact of the proposed change?

Is it likely to :

- Adversely impact on one or more of the protected characteristic groups?
- Advance equality of opportunity for one or more of the protected characteristic groups?
- Foster good relations between people who share a protected characteristic and those who don't?

(insert ✓ in one or more boxes)

Protected characteristic groups	Adverse impact	Advance equality	Foster good relations
Age			
Disability		✓	✓
Gender reassignment			
Marriage/civil partnership			
Pregnancy/maternity			
Race			
Religion/belief			
Sex			
Sexual orientation			
Other (eg low income groups)		✓	✓

4 Summary of the likely impacts

- Who will be affected?
- How will they be affected?

This service will support people with Learning Disabilities, Mental Health Needs, Sensory Impairment, Physical Disabilities, Autistic Spectrum Conditions, People with Multiple and Complex Needs for adults aged 18 years and over.

The packages of care provided through the Dynamic Purchasing System for Supported Living Services for adults with disabilities (and those mentioned above) will enable users to have active lives within a community setting, maximising/maintaining their independence and living healthy lives, whilst preventing the need to enter long term residential and nursing care. Medway Council is ensuring that the quality of person centred support is more consistent for these client groups by introducing a minimum quality criteria.

Diversity impact assessment

5 What actions can be taken to mitigate likely adverse impacts, improve equality of opportunity or foster good relations?

- *Are there alternative providers?*
- *What alternative ways can the Council provide the service?*
- *Can demand for services be managed differently?*

Within the proposed contract arrangements, Medway Council has ensured that adult safeguarding and quality support planning processes are integral to providing a good/excellent supported living service.

This service will ensure there is a diverse range of providers to support a range of people that are covered under the protected characteristics of the Equality Act 2010.

The Care Act 2014 provides the legislative framework for ensuring the Council fulfils its obligations to provide assistance/support to vulnerable adults that are assessed as requiring support either through commissioned care or via a personal budget/direct payment. This includes an obligation to develop the local social care market. The Dynamic Purchasing System provides a mechanism for encouraging new providers to join the local market as they can apply to join the Dynamic Purchasing System throughout the duration of the contract term (4 years). By benchmarking prices, this has allowed the authority to assure itself that it is paying a price that allows providers to pay the minimum wage; ensure a highly skilled workforce exists to support the challenging needs of these client groups and to ensure that their businesses are sustainable, but competitive.

6 Action plan

- *Actions to mitigate adverse impact, improve equality of opportunity or foster good relations and/or obtain new evidence*

Action	Lead	Deadline or review date
Quality Assurance Officer (Commissioning) to support regular contract monitoring of services	QAO	Ongoing
Care Quality Commission Inspections	CQC	As per regulator requirements

Diversity impact assessment

7 Recommendation

The recommendation by the lead officer should be stated below. This may be:

- to proceed with the change, implementing action plan if appropriate
- consider alternatives
- gather further evidence

If the recommendation is to proceed with the change and there are no actions that can be taken to mitigate likely adverse impact, it is important to state why.

To enter into contractual arrangements to introduce a Dynamic Purchasing System for Supported Living Services for Adults.

8 Authorisation

The authorising officer is consenting that:

- the recommendation can be implemented
- sufficient evidence has been obtained and appropriate mitigation is planned
- the Action Plan will be incorporated into service plan and monitored

Assistant Director

Date

Contact your Performance and Intelligence hub for advice on completing this assessment

RCC: phone 2443 email: annamarie.lawrence@medway.gov.uk

C&A: (Children's Social Care) contact your normal P&I contact

C&A (all other areas): phone 1481 email: paddy.cahill@medway.gov.uk

BSD: phone 2472/1490 email: corppi@medway.gov.uk

PH: phone 2636 email: david.whiting@medway.gov.uk

Send completed assessment to the Corporate Performance & Intelligence Hub (CPI) for web publication (corppi@medway.gov.uk)