

CABINET

8 MARCH 2016

GATEWAY 3 CONTRACT AWARD: HOME CARE & FLEXI CARE SERVICES FRAMEWORK

Portfolio Holder: Councillor David Brake, Adult Services

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SUMMARY

This report seeks permission to appoint the supplier(s) highlighted within Section 3.4 of the Exempt Appendix to the Home Care & Flexi Care Services Framework and appoint a sole provider to the three extra care schemes across Medway.

The Cabinet approved the commencement of this requirement at Gateway 5 on 27 October 2015. Further reports providing justification for this procurement exercise were submitted to the Children's and Adults Directorate Management Team on 13 October and 27 October 2015 addressing the following:

- Work undertaken with suppliers and key stakeholders to help inform the business case
- Analysis of statistical data in relation to commissioned packages of care
- Analysis of financial data in relation to current spend
- Changes in national minimum wage and impact on price
- Recommendations of most appropriate model for home care services from April 2016, with consideration given to rural areas
- Recommendations of most appropriate model for flexi care services from April 2016

This Gateway 3 Report has been approved for submission to the Cabinet after review by the Children and Adults Directorate Management Team Meeting on 2 February 2016 and the Procurement Board on 17 February 2016.

1. BACKGROUND INFORMATION

1.1 Budget & Policy Framework

Contract Award Decision

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

1.1.2 The decision to appoint suppliers as highlighted within 3.4 of the Exempt Appendix to the Home Care and Flexi Care Services Framework is within the Council's policy framework and ties in with all the identified Core Values, Strategic Priorities, Strategic Council Obligations and Departmental/Directorate service plans.

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 Care Act 2014, 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 Home Care and Flexi Care services provide care and support to eligible vulnerable individuals to enable them to remain within their own home and community. Home Care 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 eligibility criteria. A failure to facilitate a supply of good quality Home Care 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 these services.

1.3 Background Information

1.3.1 Medway Council let Framework Agreements in December 2012 for the provision of Home Care and Extra Care services. The Home Care and Extra Care Framework has an aggregated value of £45,000,000 and was based on a Gold, Silver and Bronze rating which reflected the suppliers' value for money. Providers rated as Gold had the first opportunity to respond to referrals of care packages which they 'won by

being able to demonstrate their ability to best meet the preferences of the service user in terms of how the care was delivered. There are currently 15 suppliers on the Framework: 11 in the gold band, 3 in the silver band and 1 in the bronze band.

- 1.3.2 All suppliers are currently subject to quality monitoring through a set of Key Performance Indicators (KPIs) on a six monthly basis. The outcome of the monitoring can alter their ranking on the Framework. Whilst this approach did act as an incentive for providers to improve quality, this was a very time intensive activity on the part of the Access to Resources Team who collated responses from providers and validated the data. Going forward, it is suggested that providers be subjected to quality monitoring via the Partnership Commissioning Team's quality assurance processes and an annual contract review as a minimum.
- 1.3.3 The category management strategy was to open the agreement up on an annual basis to allow new suppliers to gain a place on the Framework and allow existing suppliers to improve their position and ranking. This was undertaken in 2014 as a result of the need to create extra capacity in the market due to ongoing recruitment and retention issues across the sector. This resulted in three providers being appointed to the Homecare Services Framework.
- 1.3.4 Since establishing the Framework 5 providers have withdrawn from delivering services.
- 1.3.5 Further to the Gateway 5 report in October 2015 existing contracts have been extended to 31 March 2016.
- 1.3.6 The prices agreed in 2012 have remained the same throughout the life of the contract. Suppliers have expressed concerns to Commissioners that they will not be able to meet their legal obligation of increasing the National Minimum Wage in April 2016 if the prices continue to remain low (capped at £12.15 per hour, £9.60 per 45 minutes and £7.30 per 30 minutes).
- 1.3.7 Following legal advice, the Partnership Commissioning Team undertook an Invitation to Quote exercise in July 2015 to establish a supplementary list of home care suppliers to address the ongoing recruitment and retention issues experienced across the sector. This exercise resulted in an additional two providers being appointed to a supplementary list of providers in addition to the Framework Providers.

1.3.8 The Access to Resources Team is responsible for the management of referrals following assessment of service users. The rate of referrals managed by the Access to Resources Team (Adults) has steadily increased throughout the year as follows;

Number of referrals	Month/Year
115	September 2015
151	October 2015
164	November 2015
171	December 2015
63 (at time of writing report)	January 2016

1.3.9 There are three Extra Care Services in Medway: Prospect Place; Bellerophon House and Montgomery Court. There is one supplier appointed to deliver services at Bellerophon House and Montgomery Court. The housing provider for Prospect Place is also the care provider. However this provider is only able to provide support to 18/60 tenants due to ongoing capacity issues. The remaining tenants are supported by other home care agencies that visit the site. At the time of writing this report there were nine additional home care agencies visiting this service. Medway Council would like to appoint a single supplier to deliver services at all three Extra Care schemes.

2. PROCUREMENT PROCESS

2.1 Tender Process

2.1.1 Category Management advised the establishment of a four-year framework for Homecare and Flexi care services.

2.1.2 The establishment of the Framework Agreement was subjected to a formal tendering process under EU Procurement Directives because the associated total financial value of this group of contracts exceeds the EU Procurement Threshold for Social and Health Care Services of £589,148. This procurement was also undertaken in accordance with Medway Council's Contract Procedure Rules.

2.1.3 A contract notice was issued in the Official Journal of the European Union (OJEU) on 19 November 2015 under the open procedure followed by an invitation to tender on the Kent Business Portal.

2.1.4 The deadline for tender submissions was 12:00 noon on 6 January 2016. Thirty bids were received by the prescribed date and time required by Medway Council. Five of the thirty bids were excluded for being incomplete and/or non-compliant.

2.1.5 The twenty-five remaining bids 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 on a composite mixture of quality and price: - 70% for quality and 30% for price.

2.2.2 The first part of the procedure used sought to assess bidders' suitability and capability to deliver the requirement as per the service specification while the second part considered bidders' proposals to deliver the services in Medway.

2.3 Categories/Lots

2.3.1 The new Home Care & Flexi Care Framework being procured is made of five Categories/Lots as follows:

Category/Lot	Service	Area/Location
1	Homecare	Medway Urban - excluding Cuxton and Halling (Ward 2), Peninsula (Ward 8) and Strood Rural (Ward 18)
2	Homecare	Rural - Cuxton and Halling (Ward 2), Peninsula (Ward 8) and Strood Rural (Ward 18)
3	Flexi care	Prospect Place - a sixty unit scheme at Gillingham Pier
4	Flexi care	Montgomery Court - a sixty-two unit scheme in Wainscott
5	Flexi care	Bellerophon House - a forty-one unit scheme at Rochester Riverside

3. BUSINESS CASE

3.1 Delivery of Procurement Project Outputs / Outcomes

The following procurement outcomes/outputs identified as important to the delivery of this procurement requirement have been appraised in the table below to demonstrate how the new 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?
Appointing Homecare and Extra Care suppliers that can deliver the service requirements as per the service specification	Performance will be verified through site visits, service user surveys and feedback.	Adult Social Care Teams <ul style="list-style-type: none">• Partnership Commissioning Team• Placement Team• Performance and Intelligence Team• Care Managers/Social Workers	As per the schedule in the contract	The Council has published price caps which it considers to be appropriate for delivering the service requirements. People will be supported to maintain their independence and continue to live at home.

4. RISK MANAGEMENT

4.1 Risk Categorisation

1. Risk Category: Service delivery	Likelihood: Low	Impact: Catastrophic
Outline Description: Suppliers may bid too low for price and compromise quality.		
Plans to Mitigate: Price caps 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.		
2. Risk Category: Contractual delivery	Likelihood: Low	Impact: Critical
Outline Description: Suppliers are not robustly managed to deliver the key objectives of the contract which are <ul style="list-style-type: none">- continuous improvement- promoting independence		
Plans to Mitigate: Partnership working between providers, the partnership commissioning team, social workers and the performance & intelligence team.		
3. Risk Category: Contractual delivery	Likelihood: Low	Impact: Critical
Outline Description: Suppliers unable to deliver care packages. Failure of contractors to deliver contractual arrangements.		
Plans to Mitigate: Use of Frameworki to place clients in situations where client numbers are very small. Framework agreement builds in mini competitions to appoint suppliers 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 caps.		
Plans to Mitigate: Framework agreement builds in mini competitions to appoint suppliers who demonstrate their ability to deliver the care packages and meet the requirements of the individuals.		

5. PROCUREMENT BOARD

- 5.1 The Procurement Board considered this report on 17 February 2016 and supported the recommendation 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 revenue budgets. The provisional 2016/17 budget includes an allocation of additional £1.3m to fund the cost of the National Minimum Wage which will be in place from 1 April 2016. The additional cost of this procurement is forecast to be around £1.1m, however, the actual amount will depend on the on-going numbers of packages and the degree to which reablement services in the future succeed in making people more independent. Additionally, greater use of technology will be made to reduce care packages (eg using proactive calling to prompt medication rather than using a visit).
- 6.1.2 Further detail is contained within Section 2 Financial Analysis of the Exempt Appendix at the end of this report.

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 The process described in this report complies with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules.
- 6.2.3 This is a Level 4 high risk procurement and therefore the decision to award is for Cabinet.
- 6.2.4 The Framework Contract was prepared with assistance from Legal Services and is bespoke to the specification for the services.

6.3 TUPE Comments

- 6.3.1 TUPE will apply to this procurement.

6.4 Procurement Comments

- 6.4.1 This procurement will provide the Service with the added level of security through a larger more stable supply chain. The added costs to these services are necessary due to the level of support required and the increase in the national minimum wage.

6.5 ICT Comments

6.5.1 The ICT Team will have no direct involvement with this group of services, however, the use of Frameworki would be discussed with the Head of Social Care Business Units.

7. RECOMMENDATION

7.1 The Cabinet is requested to appoint the suppliers outlined within section 3.4 of the Exempt Appendix to the Home Care & Flexi Care Services Framework.

8. SUGGESTED REASONS FOR DECISION

8.1 The recommended suppliers have demonstrated the ability to deliver services at, or exceed, the minimum standard required. They have also demonstrated the ability to deliver services at cost effective rates within the price cap published as part of the tender exercise.

LEAD OFFICER CONTACT:

Name **Title**

Department **Directorate**

Extension **Email**

APPENDICES

Exempt Appendix

BACKGROUND PAPERS

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

Description of Document	Location	Date
Gateway 5 Report	http://democracy.medway.gov.uk/mglssueHistoryHome.aspx?lId=15185	27.10.15