

AGENDA ITEM: 13

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Meeting	Cabinet Resources Committee
Date	27 September 2011
Subject	Contract Award for Lead Providers Home and Community Support (contract reference: 50254)
Report of Summary	Cabinet Member for Adults To approve the proposed contract award, which is due to commence 1 November 2011 for three Lead Providers of Home and Community Support. This is phase 2 of the framework contract awarded in 2010 to eleven providers and is the result of the mini competition. The report includes a recommendation to approve a 6 month extension of the current framework to ensure a safe and smooth transition for service users either to the new lead providers, to take a direct payment or to achieve an alternative positive solution to their care and support needs.

Officer Contributors	Eryl Davies – Head of Strategic Commissioning & Supply Management, (Adult Social Care & Health)
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix 1 – Contract areas Appendix 2 – Home and Community Support Contract Scoring Matrix
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not Applicable

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1. RECOMMENDATIONS

1.1 **That a four year framework contract for three lead providers for Home and Community Support commencing 1 November 2011 be awarded to :**

- Enara;
- Personnel and Care Bank;
- London Care Plc.

1.2 **To authorise a six month extension to the current framework contracts for Home and Community Support for the eleven providers currently providing these services for the council.**

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet Resources Committee 19 July 2010 , approval of contract award for eleven framework contract providers for Home and Community Support services which commenced 1 November 2010 and authority to proceed to the next stage of the procurement approach which is now complete and informs the recommendations in this report.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 **Better services with less money:** this approach sought to thoroughly test the market through a detailed cost and quality evaluation including feedback from service users, mystery shopping and inspection of sites, all of which influenced final selection and which will impact positively on quality. The submitted tender prices deliver a reduced unit cost leading to an overall reduction in contracted costs and improved quality.

3.2 **Sharing opportunities and responsibilities:** it will enable an enhanced role for fewer contracted providers to work with Adult Social Care and Health as market leaders in the health and social care system. Helps support the increase in service users who set up and purchase their own care via direct payments.

3.3 **Promote personalisation of services and promote enhanced quality of life for adult social care and health services users:** this contract award supports the Adult Social Care and Health priorities of market management and ongoing development of outcomes based commissioning.

4. RISK MANAGEMENT ISSUES

Business failure and financial risks

4.1 This segment of the care market has historically relied on large volumes of business from council funded contracts and the business model has been constructed based on the margins from these predicted volumes. There is a risk that the current and future decrease in the numbers of ongoing care packages funded by the council will lead to instability in income and providers unable to recruit a workforce to deliver a safe service. The two stage procurement agreed by Cabinet Resources Committee on 19 July 2010 is designed to take account of these factors and allow providers to gear up to a higher number of individual payers and an overall decrease in council volumes of business. Furthermore an aggregation of volume is provided through the

contract framework as business is allocated to a fewer number of contractors within three defined geographical areas of the borough (appendix 1).

- 4.2 There is a risk in reducing the number of contracted providers that choice will be restricted, niche areas of need will remain unfulfilled and the potential for a monopoly supply to develop in each of the contract areas. This risk is mitigated through the increase in the number of direct payers who source and arrange their own care and the ability of the lead provider to sub contract. In addition through the council maintaining a relationship with these lead providers they will be required to manage and share risk throughout the contract term and help to shape the health and social care market.
- 4.3 The tender process sought to thoroughly test the providers' commercial and operational leadership capabilities and included an analysis of year 1 performance in actual service delivery. This is reflected in the final evaluation. A full financial status report has been obtained for each bidder to assess commercial standing and future viability against the estimated volumes of business provided by the council over the four year term.

Operational Transition Risk

- 4.4 There is a risk that the Adult Social Care and Health service users will be adversely affected by the transition to new contract arrangements. The following plans and considerations should mitigate this risk:

Adult Social Care and Health has a Transitions Plan to ensure the safe and streamlined management of transition on behalf of current services users during the implementation of phase 2 of this new model. The Transitions Plan used in phase 1 of the tender in 2010 successfully managed transition issues , including the transfer, where safe and appropriate, of a number of service users who were receiving care from incumbent contractors that failed to proceed to contract award. Transitions will be used to create opportunities to maximise the use of personal budgets in accordance with the wishes of service users and an individual assessment of risk; during phase 1 over 40% of service users who were reviewed opted for a direct payment as part of a personal budget.

- 4.5 The procurement process has been managed over a period that has allowed sufficient communication with the providers, customers and their families. This will continue to be vital as phase 2 of the new contractual arrangements become established. Operational leads have been and continue to be involved and committed to the procurement project at all levels with consistent messages being passed on to operational teams and local branches. Furthermore, client reviews are dovetailing with the stages of the procurement and transition.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The council's Procurement Equalities policy has been followed in the management of the tender process, including evaluation of tenderers' equalities and diversity policies concerning employment practice and service delivery. The contract for the new services will include explicit requirements fully covering the council's duties under equalities legislation.
- 5.2 The services being procured will operate inclusively for all care groups covering all postcodes in the Borough. The ability to sub-contract has been built into the

contract model for home and community support to facilitate responses to any niche areas of demand which may relate to, for example, language or diagnosis which is unable to be covered within the main contract.

- 5.3 An analysis of customers over the last year show no significant change in profile in respect of gender, culture / faith or ethnic profile. Equalities data in relation to phase 2 will continue to be captured to inform the equalities impact assessment.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability).

- 6.1 The eleven providers awarded contracts for Home and Community Support in 2010 for one year is reducing to three lead providers through the mini competition. These providers will be awarded a framework contract for 4 years commencing 1 November 2011.
- 6.2 An extension of 6 months for the remaining eight framework contracts is required to allow sufficient time for a safe transition and appropriate management.
- 6.3 The 2010/11 budget for expenditure on Home and Community Support was £10.548m. A flat rate price was introduced across all visit times through the new contract last year with the exception of Bank Holidays. Revised rates have been submitted as part of the mini competition which will reduce the service unit cost further.
- 6.4 Over the transition period the spend commitments' will shift either to individual direct payments as part of a personal budget or from the outgoing framework contracts to the lead providers. The estimates in table 1 for the new contract period are based on projected demand factors and an overall reduced unit cost as a result of the proposed contract award.

Table 1

Lead Provider	Contract area	Estimated annual value (non guaranteed)
1. London Care	North	£2.25 m
2. Enara	West	£2.1 m
3. Personnel and Care Bank	South	£1.8m

- 6.5 Staffing issues including, as relevant, 3rd generation TUPE transfers relating to the changes will continue to be dealt with following the approach which was approved by Cabinet Resources Committee 19 July 2010. The approach was set out in detail in the report referred to in 2.1. Where there are TUPE transfers of ex LBB employees then the necessary Pension Fund Committee agreement will be sought in December 2011 to ensure that Pension provision is in place immediately post any relevant TUPE transfer.

7. LEGAL ISSUES

- 7.1 The original contracts to be extended contain appropriate provisions sanctioning the extensions proposed in this report.

8. CONSTITUTIONAL POWERS

- 8.1 Contract Procedure Rules – Table 5.1: Authorisation. Authorisation and acceptance of contract values of £500,000 and above require Cabinet Committee approval.
- 8.2 Contract procedure Rules – 6.9 Framework Agreements. The approval of the framework agreement for Home and Community Support was approved by Cabinet Resources Committee on 19 July 2011 and a mini-competition was conducted to ensure best value.

9. BACKGROUND INFORMATION

Review of year 1

- 9.1 Regular strategic and operational fora have been held with the framework providers to facilitate positive working relationships between the council, service user representatives and providers and to build shared understanding of the market and of the customer profile.
- 9.2 Service delivery is subject to electronic call monitoring and transition to outcomes based commissioning is being delivered as personalisation becomes embedded across the care service delivery operation.
- 9.3 Referrals to the framework contractors have been managed systematically through a brokerage process ensuring that contractors new to the borough received sufficient business to create an even playing field for an evaluation of year 1 performance to be formally including in the tender.

Procurement Process- phase 2

- 9.4 Application packs for lead provider status were sent out on 13 May 2011 to ten framework providers, who indicated in their original submission that they wished to apply for a lead provider contract. They were returned by 10 June 2011. The financial checks, scoring of method statements and performance information were evaluated throughout June 2011. Interviews and comprehensive site visits took place throughout July 2011 and final evaluation was completed in the first week of August 2011. The evaluation team included senior front line staff from Adult Social Care and Health, contract officers and commissioners, together with members of the customer reference group who have been involved throughout the whole process. A presentation on phase 2 and the final proposed selection was made to a directorate project board and senior management team members on the 8 August 2011.

9.5 The tender evaluation for lead providers for Home and Community Support was carried out using a 60:40 ratio of quality and price and based on the following evaluation criteria:

Year 1 Analysis	14%
Tender Written Submission	24%
Presentations and Interviews	12%
Site Visits	10%
Finance Schedule	40%

9.6 Year 1 analysis included trend data on service delivery for example, response times as well as complaints. The customer reference group were supported to carry out 'mystery shopping' by contacting a selection of customers receiving a service from each provider and recording responses to a set of questions they had designed and this was able to be formally weighted.

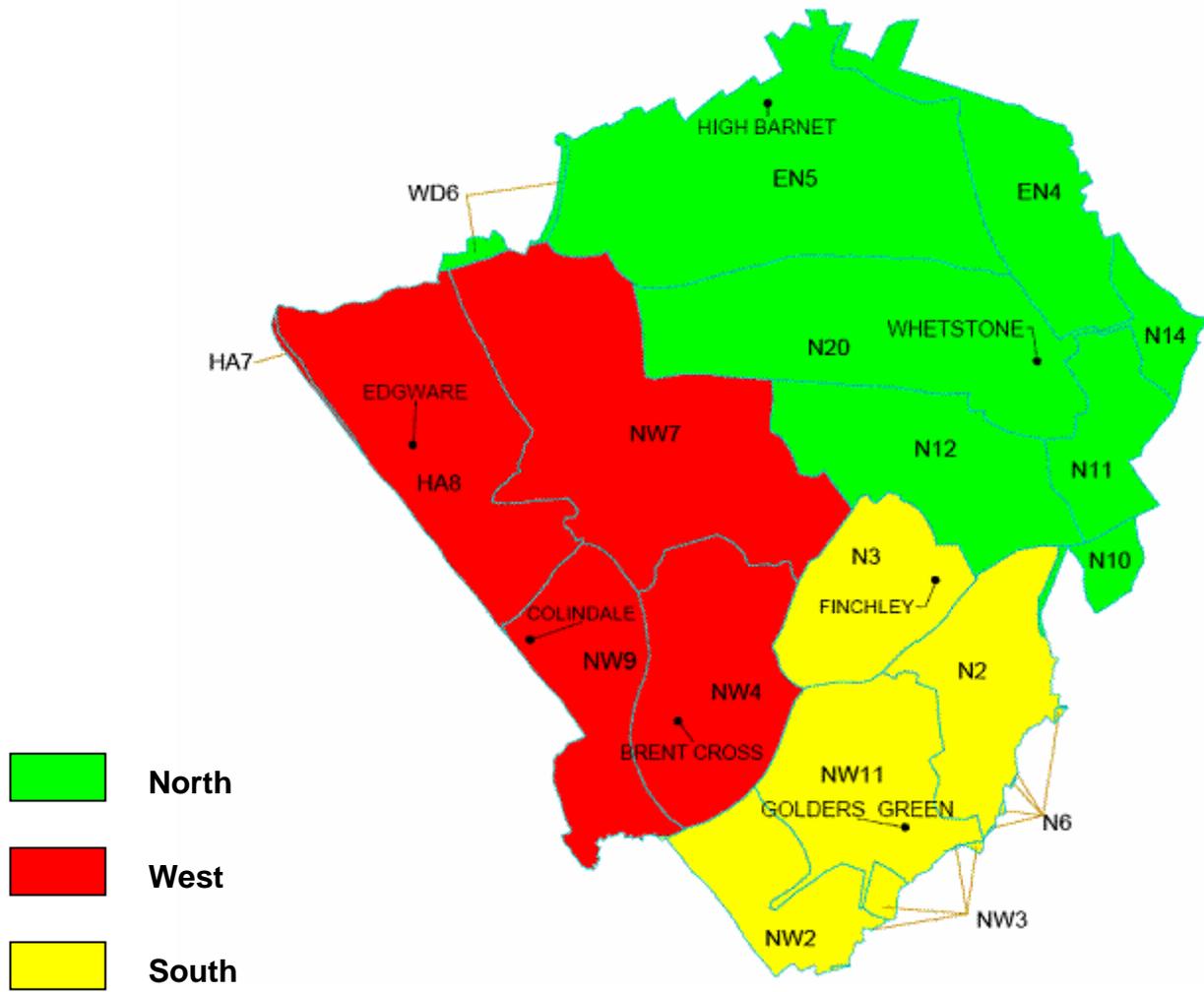
9.7 The final selection was based on the overall ranking following scoring, the removal of three providers who failed to meet minimum scoring requirements on written submissions, assessment of the projected costs and impact on budgets of each contract over the term. The minimum scoring requirement was published in the invitation to tender pack.

9.8 The recommendation is to award the lead provider framework contracts to:-

Lead Provider	Contract area	Estimated hours per week
4. London Care	North	3,500
5. Enara	West	2,000
6. Personnel and Care Bank	South	3000

Legal – SK
Finance – MC

Appendix One – Contract Areas



North		West		South	
EN4	<i>Cockfosters</i>	HA7	<i>Stanmore</i>	N2	<i>East Finchley</i>
EN5	<i>Barnet</i>	HA8	<i>Edgware</i>	N3	<i>Finchley</i>
N10	<i>Muswell Hill</i>	NW4	<i>Hendon</i>	N6	<i>Highgate</i>
N11	<i>New Southgate</i>	NW7	<i>Mill Hill</i>	NW2	<i>Cricklewood</i>
N12	<i>North Finchley</i>	NW9	<i>The Hyde</i>	NW3	<i>Hampstead</i>
N14	<i>Southgate</i>			NW11	<i>Golders Green</i>
N20	<i>Whetstone</i>				
WD6	<i>Borehamwood</i>				

Appendix Two – Home and Community Support Contract Scoring Matrix

		TOTAL SCORES								
Question	Capacity		Quality		Added Value and Innovation		Price		TOTAL	
Subsection	8% Method Statements (1&2); 4% Site Visits (Recruitment&Staffing); 8% Service Response		8% Method Statements (3&4) 6% Site Visits (Risk Assessments) 3% Complaints 3% Mystery Shopping		8% Method Statements (5&6) 12% Presentations & Set Questions		40% Price - average across 4 years including bank holidays			
Total Points Available	% Score for Capacity	weighted at 20%	% Score for Quality	weighted at 20%	% Score for AV&I	weighted at 20%	% Score for Price	weighted at 40%	Rank	%
Provider A	70%	14%	59%	12%	81%	16%	100%	40%	1	81.9%
Provider B	49%	10%	72%	14%	81%	16%	96%	38%	2	78.9%
Provider C	56%	11%	62%	12%	79%	16%	96%	39%	3	78.0%
Provider D	79%	16%	84%	17%	64%	13%	87%	35%	4	80.2%
Provider E	74%	15%	74%	15%	80%	16%	86%	34%	5	79.8%
Provider F	52%	10%	55%	11%	74%	15%	93%	37%	6	73.7%
Provider G	54%	11%	45%	9%	62%	12%	95%	38%	7	70.4%
Provider H	67%	13%	45%	9%	61%	12%	88%	35%	8	70.2%
Provider I	53%	11%	43%	9%	50%	10%	96%	38%	9	67.6%
Provider J	45%	9%	51%	10%	56%	11%	90%	36%	10	66.5%

	APPLICATION FOR LEAD PROVIDER PACK			INTERVIEWS AND PRESENTATIONS			SITE VISITS			YEAR 1 ANALYSIS			FINANCE SCHEDULE					TOTAL SCORES	
	Method Statements												Price						
Question	Total Score	Rank	% Weight	Total Score	Rank	% Weight	Total Score	Rank	% Weight	%	Rank	% Weight	Yearly price: increase / decrease / same price	Average cost per hour over 4 years		Rank	% Weight	TOTAL	
Subsection	%			%			%							Cost per hour	Cost per hour incl. Bank Holidays			Rank	% Weight
Total Points Available			24%			12%			10%			14%					40%	Rank	Overall %
Provider A	70%	2	16.72%	78%	5	9.36%	88%	1	8.80%	60.05%	5	7.04%	increase	£ 12.37	£ 12.48	1	40.00%	1	81.9%
Provider B	60%	7	14.40%	92%	1	11.04%	62%	8	6.21%	60.52%	4	8.78%	same price	£ 12.75	£ 12.99	4	38.43%	2	78.9%
Provider C	62%	6	14.88%	82%	4	9.84%	72%	5	7.24%	56.95%	6	7.47%	increase	£ 12.66	£ 12.94	2	38.58%	3	78.0%
Provider D	89%	1	21.44%	44%	10	5.28%	86%	2	8.57%	65.93%	3	10.21%	increase	£ 14.16	£ 14.37	9	34.73%	4	80.2%
Provider E	64%	5	15.44%	90%	2	10.80%	83%	3	8.30%	72.71%	1	11.02%	decrease	£ 14.40	£ 14.59	10	34.21%	5	79.8%
Provider F	65%	4	15.52%	84%	3	10.08%	56%	9	5.62%	43.93%	9	5.12%	increase	£ 13.15	£ 13.37	6	37.33%	6	73.7%
Provider G	43%	9	10.24%	74%	6	8.88%	69%	7	6.88%	48.10%	8	6.29%	increase	£ 12.95	£ 13.09	5	38.13%	7	70.4%
Provider H	67%	3	16.16%	72%	7	8.64%	22%	10	2.23%	67.07%	2	7.80%	increase	£ 13.81	£ 14.12	8	35.36%	8	70.2%
Provider I	43%	9	10.24%	50%	9	6.00%	70%	6	6.97%	51.64%	7	5.96%	increase	£ 12.79	£ 12.98	3	38.46%	9	67.6%
Provider J	47%	8	11.36%	56%	8	6.72%	75%	4	7.54%	42.62%	10	4.71%	same price	£ 13.50	£ 13.80	7	36.18%	10	66.5%