

By: Andrew Ireland, Corporate Director Families and Social Care

To: Graham Gibbens, Cabinet Member for Adult Social Care & Public Health

Date: 05 March 2014

Subject: **HOME CARE SERVICES CONTRACT AWARD** (Decision 14/00009)

Classification: Unrestricted

Summary: This report provides information relating to the key decision to award the Home Care Services Contract.

Recommendations: The Cabinet Member for Adult Social Care and Public Health is asked to award Home Care Service Contracts to the successful bidders.

1. Context

- (1) In accordance with Bold Steps for Kent, the Council seeks to ensure that people are at the heart of all adult social care activities and moving towards a future where people receive integrated services that are easy to access, are of good quality and maximise their ability to live independently and safely in their community.
- (2) Families and Social Care (FSC) commissioned IPC to develop the "Use of Resources Report" which highlighted areas where Kent might strengthen its commissioning performance and influence. This was further developed and extended through the diagnostic work carried out with our efficiency partner Newton Europe. Home Care Service delivery arrangements were identified as a potential area of service improvement and financial savings.
- (3) Significant increases in the older people population over the next 30 years, high admissions to care homes from hospital, and an increasing proportion of new clients self-referring within the ever present budgetary constraints, provided the backdrop to this tender. It was important that we addressed how we manage demand and develop our commissioning arrangements, following a fuller understanding of KCC's current relationship with the Home Care market in Kent, where:
 - support is currently commissioned from over 130 providers
 - the top 20 providers account for over £30M spend
 - the market continues to consolidate and manage itself with no benefit for Service Users or KCC
 - historic time and task contracting continues to drive the wrong behaviours and fails to promote independent living
 - there is no tangible relationship between cost and quality and we do not collect KPI data in order to develop this
 - pressure is brought onto quality and price

- (4) The KCC strategy to deliver holistic community support services in Kent identified three waves of commissioning activity to be delivered by 2017/18. FSC has clearly articulated the role that community care, equipment, tele-technology and housing adaptations play in supporting people to remain independent in the community, which underpins our approach to Enablement. FSC, in partnership with providers, will develop an outcome based commissioning model where we might better:
 - focus on prevention and targeted interventions;
 - raise the overall quality of care to service users;
 - support carers and empower individuals to do more for themselves
 - robustly manage providers to ensure contractual requirements are delivered
- (5) Strategic Commissioners have also developed a stepped approach to help shape and develop the market as we go on this journey and have engaged our key stakeholders in its development.
- (6) The agreed objectives of Wave 1 tendering activity included:
 - ensuring a proper contractual framework is in place, within which all parties work
 - improving performance management arrangements
 - shaping the market in preparation for outcome based commissioning
 - preparing the market for future healthcare integration
 - quality auditing providers to improve assurance and ensure alignment of cost and quality
 - developing a lotting strategy that enables SMEs and national providers to access the opportunity
 - producing sustainable efficiencies through rationalising direct providers; and
 - establishing key strategic partnerships

2. Description of Service

- (1) Home Care (or Domiciliary Care) is the timely care and support provided by professional care workers to individuals in their own home to support their independence in managing activities of daily living.
- (2) A good Home Care service supports individuals to take greater control of their lives by providing individuals with the skills to maintain a good quality of life and, to enable them to maintain independent, fulfilling lives for as long as possible. A great Home Care service involves putting the individual (and their primary carer/family) at the centre of decisions about how they are supported and cared for. These contracts lay the foundations required to move towards outcome based services and support quality improvement.
- (3) A large number of Home Care customers are older people, where we see an ever increasing requirement. By 2035 the number of people aged 85 or older is projected to be 2.5 times larger than in 2010, reaching approximately 3.6 million and constituting 5% of the population. The KCC annual budget for Home Care is currently £45 million (not including service user contributions).

3. Background

- (1) KCC currently has over 130 providers of Home Care services. The majority of the current contracts were let in 2004 with no competitive process undertaken since. KCC have been operating in breach of EU procurement regulations with this service. The tender addresses this issue whilst ensuring all providers are operating under our Terms and Conditions; to our specification; to our performance standard; and are proactively contract managed against our Key Performance Indicators (KPI's).

4. Procurement Route

- (1) Social Care is specified as a Part B service under EU Procurement Regulations, however the decision was taken to use the EU Restricted procedure in order to ensure we conducted a robust, fair, open and transparent process. However, the process was adapted in order to best meet the needs of the service.

5. Lotting Strategy

- (1) The lotting strategy of 7 lots was designed with three clear aims in mind:
 1. to work with the FSC area boundaries realignment, which has been undertaken to support co-terminus working with Kent CCG's
 2. to allow providers to explore and price their economies of scale
 3. to ensure that the procurement strategy did not exclude Small and Medium Enterprises (SME's) and Voluntary Community and Social Enterprises (VCSE), each lot included provision for providers to bid below a MSOA preference volume threshold (Middle Super Output Area) (MSOA's are a geographically specified area designed by the Office of National Statistics with a minimum population of 5000)
- (2) Providers were able to bid for the number of hours that they could deliver within one or more Clinical Commissioning Group (CCG) areas. The number of appointed providers per CCG is generated once the maximum hours available have been allocated.
- (3) If providers bid for a volume of hours below the identified MSOA preference volume thresholds (different for each CCG), then they would be allowed the opportunity to identify the MSOAs that they were able to work across. This mechanism allowed smaller providers to bid if they were unable to work across an entire CCG. This approach also prevented large providers from selecting only high density urban areas, thus leaving rural areas unsupported.

6. The Process

OJEU notice placed	13 September 2013
Expression of Interest (EOI) stage opened	13 September 2013
Expression of Interest (EOI) stage closed	6 October 2013
Pre-Qualification Questionnaire (PQQ) stage opened	13 September 2013
Pre-Qualification Questionnaire (PQQ) stage closed	6 October 2013

Quality audits begin	7 October 2013
Quality audits end	6 December 2013
Invitation to Tender (ITT) stage opens	9 December 2013
Invitation to Tender (ITT) stage closes	13 January 2014
Pricing Check	14 January – 17 January 2014
Evaluation of Mobilisation Plans	20 January – 7 February 2014
Corporate Director recommendation of Contract Award Report	05 March 2014
Originally agreed Contract Start	31 March 2014
Proposed new Contract start date	2 June 2014
Contract End	+ 12 month

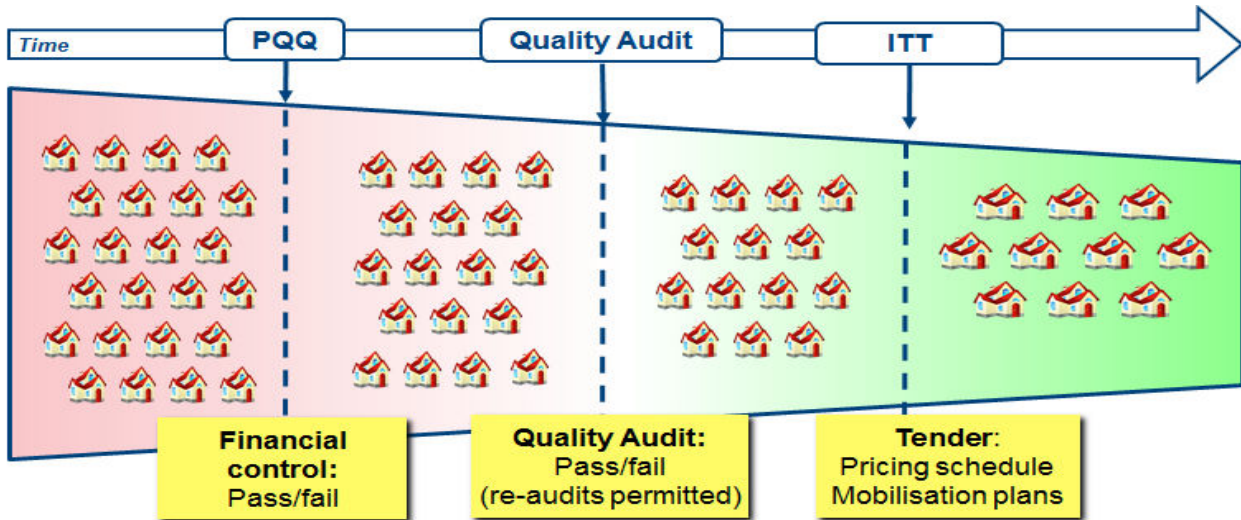
- (1) Expressions of Interest were received from 140 providers all of whom were then asked to complete a Pre-Qualification Questionnaire (PQQ) which included a financial assessment using a credit rating supplied by N2check.
- (2) Completed PQQs were received from 94 providers, of which 2 companies failed the Financial checks.

7. Quality Audit

- (1) All providers who were successful in passing the PQQ stage underwent a quality `audit carried out by an external quality auditor, Neuen Solutions. Passing the quality audit was a prerequisite in order to be invited to complete the ITT.
- (2) 10 companies were identified as failing the Audit. Some of the providers who had failed the quality audit appealed against the fairness of this process and a decision was therefore taken to adapt the audit requirements in order to minimise the risk of future challenge. Under the revised process all the original successful PQQ responders were invited to complete an ITT. However, those that failed the quality audit were given until 31st December to rectify red and amber audit areas and to address our concerns regarding severity and risk of any impact to service users. Successfully completing the audit process remained a prerequisite of this tender.
- (3) A number of other providers had some less significant issues and these providers were given until 31st January 2014 to rectify the problems identified. By the end of January all providers who had submitted an ITT response, had completed all remedial action and therefore passed the quality audit.
- (4) 90 providers received the ITT pack and 66 providers subsequently responded to the ITT.

8. Evaluation Methodology

(1) The three stage tender process outlined below:



ensured that the evaluation methodology could be focused on mobilisation assurance and price as outlined below:

- every CCG lot was to be evaluated separately
 - providers were then to be ranked low to high based on price, with the volumes they had bid for filling up the demand target (the most competitively priced providers)
 - these providers were then to be evaluated on the basis of the quality of their mobilisation plans and our assurance as to their ability to deliver the plan
 - the above provides for just a yes/no decision; if providers were evaluated as a 'no' they would be allowed their current volume of hours only, if they were evaluated as a 'yes' they would be allowed the full hours they bid for
 - providers would then be re-ranked by price (which may have changed due to volume decreases) and the demand target refilled
 - although the individual CCGs and MSOAs may be deemed viable, a further check would be carried out across CCGs to ensure that no provider appeared to be over stretched
 - The evaluation was undertaken by the Area Directors and Strategic Commissioners directly impacted by the changes resulting from the new contract.
- (2) The Assurance and Clarification Meetings were chaired by Strategic Procurement with the Head of Commissioning and Commissioning Manager present at each meeting to provide a consistent representation from FSC.
- (3) Two moderation meetings were held on Monday 10th February and Thursday 13th February to review the results of the meetings and to ensure that the outcome of the competition met with the original aims of the procurement exercise.

- (4) The hours provided in the Extra Care housing units are awarded to provider offering the most competitive price in the MSOA/CCG in which they are situated.

9. Consultation and Communication

- (1) There has been extensive consultation with the sector and both existing and prospective providers through the preliminary planning work and during the formal tender.

10. Financial Implications

- (1) Independent of other changes, the expected spend for Standard Home Care Contracts 2013/14 was £41,026,919. Acceptance of the recommendation will result in a saving of £2,478,696 (after accounting for Service user contributions) on the expected budget for Standard Home Care Contracts.
- (2) It is important to note that these are annualised “steady state” savings and do not account for the resource and process costs required in order to implement the mobilisation and transition work.

11. Legal Implications

- (1) Advice has been provided by Corporate Procurement and Legal Services throughout the process.

12. Equality Impact Assessments

- (1) An Equality Impact Assessment has been undertaken for the tender of the Home Care Service. It identified that this is a generic service and as such, no specific protected characteristics would be affected. It did, however, acknowledge that the greatest impact would be on the ‘age’ characteristic as the elderly represent the main client group receiving home care.
- (2) The risk identified for existing service users related to service continuity with their current provider. If the existing provider chose not to tender or was unsuccessful in their bid, existing service users may see a change in the person who provides their care.
- (3) To mitigate this risk a Service Continuity Plan has been developed to minimise any disruption and offer a choice of options to be taken by affected individuals to ensure there is not a break in their receipt of a Home Care service.

- (4) Other factors taken into consideration when assessing the impact of this tender were:
- no change should arise if the existing provider is successful in their bid;
 - it is possible that the existing Care Worker may transfer to the new provider and service continuity is then maintained under new employment;
 - a change in Care Worker is always a possibility. This may result from service user or Care Worker choice, or that the Care Worker leaves the organisation
- (5) Although the key purpose of providing personal care in the individual's home will remain essentially the same, the new contract will raise the quality and standard of service delivery to the benefit of all service users by:
- the contract documentation placing emphasis on the promotion of equality, protection of human rights and the minimisation of discrimination;
 - establishing a quality baseline for all providers that tendered. They each had to pass a quality audit of the service they delivered carried out by our independent Quality Auditor; and
 - the introduction of KPIs to monitor and enforce the standard of service delivery

13. Sustainability Implications

- (1) There are no negative sustainability implications to this contract award.

14. Alternatives and Options

- (1) Any extension of existing contracts would have been in breach of Procurement Regulations.

15. Risk and Business Continuity Management

- (1) The process was designed to exclude bidders who were unable to provide adequate assurance of the achievability of their mobilisation and future delivery plans. This will provide mitigation to the risk to continuity of delivery during the change from the current to the new contracts.
- (2) Additionally there is a financial and reputational risk to the Council if this decision is delayed.

16. Conclusion

- (1) The recommendation is to award contracts to the providers who have demonstrated their ability to meet the care quality standard required; to mobilise staff within the specified timescale and at the most competitive price. The contracts will be for 12 months, commencing on 2nd June 2014, with a provision for two 1-year extensions.

17. Recommendation

The Cabinet Member for Adult Social Care and Public Health is asked to award Home Care Service Contracts to the bidders identified in the exempt Appendix A of this recommendation report.

18. Background Documents

Appendix A – Exempt Tender Information. This appendix contains pre-contract information which is commercially sensitive and is exempt from publication under Para 3 of Section 12A of the Local Government Act 1972.

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