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Cabinet Member, Adult Social Care and Public Health
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To: Adult Social Care and Health Cabinet Committee

Date: 15th January 2015

Subject: Public Health Services – Dynamic Purchasing System

Classification: Unrestricted

Past pathway: This is the first committee by which this issue will be considered.

Future pathway: Key decision by Cabinet Member

Electoral Division: All

Summary

The Social Care, Health and Wellbeing Directorate is making increasing and effective use of Dynamic Purchasing Systems (DPS) to streamline commissioning and take advantage of changes and developments in the market place for public health services and for adult residential care.

Members of the Committee are asked to

- i. Note the opportunities presented by increased use of a DPS for commissioning social care, health and wellbeing services for Kent.
- ii. Raise awareness of the Public Health DPS and Residential Care DPS wherever possible and encourage potential providers to apply to join if they are interested in bidding to provide these services.

1. Introduction

1.1. The purpose of this paper is to inform the committee about the use of Dynamic Purchasing Systems (DPS) across the Social Care, Health and Wellbeing Directorate.

2. Background

2.1. As the County Council move towards becoming a strategic commissioning authority, it becomes increasingly more important that it fully explores a wide range of procurement mechanisms to ensure that commissioned services are delivered in the most effective manner, ensure value for money and best support the needs of the local economy through the appropriate consideration of local value.

- 2.2. The Select Committee on Commissioning highlighted the need to broaden the opportunities for small and medium sized enterprises (SMEs) and voluntary, community sector and social enterprise (VCSE) sector providers to bid to provide public services on behalf of the County Council.
- 2.3. The Social Care, Health and Wellbeing directorate is committed to innovative commissioning and will work with the market to support its development, diversification and, where appropriate, creation in order to drive up quality and / or deliver savings.

3. Dynamic Purchasing Systems

- 3.1. A key part of this innovative commissioning approach has been the exploration and utilisation of a DPS in the key service areas of Public Health and Adult Residential Care.
- 3.2. A DPS is traditionally a system used for buying commodities. It effectively works as an approved provider list for a specified range of services. Its dynamic nature enables new providers to join the approved list, as and when they have fulfilled the criteria detailed in the original procurement exercise. This is different from more traditional procurement methods where there is a fixed time period in which providers can join the procurement.
- 3.3. By having an approved provider list, it allows commissioners to purchase goods and services more quickly, rather than conducting a full tender exercise each time and it has the additional benefit of encouraging bids from a far wider range of providers than is often the case with lower value requests for quotations. New providers can apply to join the DPS at any time, which enables commissioners to take advantage of rapidly changes in the market such as emergence of new service providers. It is important to note that, in setting up the DPS, the range of services and potential value of the total range need to be specified within the original Official Journal of the European Union (OJEU) advertisement.
- 3.4. The key requirements of any DPS are:
 - All DPS procurement processes can be conducted electronically, which can have the benefit of reducing the timescale for responses.
 - All call off contract opportunities that are tendered will be through the DPS but the original requirement must be advertised in the Official Journal of the European Union (OJEU)
 - Contract opportunities must be advertised for at least 15 days before bidders on the DPS are invited to tender for the work.
 - The DPS should not normally extend beyond 4 years although contracts tendered through the DPS may extend beyond this timeframe e.g. a contract awarded in the last year of the DPS may be in place for 4 years.
 - The DPS must remain open for new providers to join at any time.

4. Public Health Services DPS

- 4.1. The County Council's Public Health team established a new DPS in September to help stimulate the market for provision of public health services and to promote greater innovation in service delivery.
- 4.2. By January 2015, the County Council had admitted 22 different organisations to the DPS. The proportions slightly change as new organisations join, but at time of writing, 44% were from the VCSE sector, 25% were from the public sector and the remainder from the private sector.
- 4.3. 63% were Kent-based organisations. This take-up demonstrates a good level of interest in provision of public health services and provides a solid foundation for on-going market development and shaping to help drive innovation and improvement in public health.
- 4.4. Public Health has already advertised new contract opportunities for:
 - Provision of specialist classes (postural stability) to prevent falls among older people
 - Supply of Smoke-Free Home resource packs for distribution through Children's Centres across Kent
 - Provision of advice, support and training for health and social care staff to promote healthy lifestyles for people with learning disabilities.
- 4.5. A number of other contract opportunities are planned for early 2015, including:
 - Identification and Brief Advice (IBA) in primary care for people drinking alcohol at harmful or hazardous levels
 - Provision of targeted interventions designed to reduce health inequalities in identified local areas.

5. Adult Residential Care DPS

- 5.1. The Council has set up Dynamic Purchasing Systems for the purchase of long term residential and/or nursing placements for older people between October 2014 and March 2016.
- 5.2. The tender to join a DPS is typically a one-stage process, with sections covering qualification, technical and commercial criteria. However, for this service, the Council has set a 'Usual/Guide Price' which is based on what price the Council expects to pay for each client.
- 5.3. The original tender to join the DPS (prior to October 2014) was, therefore a two-stage process, with deadlines for providers to respond by for each stage. Stage one of the process required providers to submit the required the qualification and cost data (in the form of a pre-determined cost model designed by the Council). The Council then analysed the cost of providing this service, based on the data submitted and governance, then agreed the Council's new 'Usual/Guide Price'.
- 5.4. The Council's new 'Usual/Guide Price' for this service was then publicised (as a Key Cabinet Decision) before the invitation to tender for stage two was published.

Providers that submitted compliant responses to stage one of the process were then invited to stage two of the process (including technical and commercial criteria). When the DPS commenced in October 2014, the tender process reverted to a one-stage process; new tender applications would require identical data to original tender applications, but deadlines no longer applied.

- 5.5. The advert for tenderers to join the DPS, which is published on the Kent Business Portal, specifies that the Council will not accept any new applications after September 2015 (as it is expected that at this time the Council will advertise the tender opportunity for the service starting in April 2016).
- 5.6. The maintenance of a DPS can be resource-intensive (i.e. the processing and evaluation of new tender applications, governance, award and issuing of new DPS Agreements). For this service, the Council has agreed to process new tender applications on a weekly basis (see the advert on the Kent Business Portal for more details, the address for which is www.kentbusinessportal.org.uk).
- 5.7. When the Council needs to purchase a long-term residential or nursing placement for an older person, the Council has to publish a mini-competition opportunity, inviting all the providers, which successfully bid for the appropriate lot (e.g. geographical or residential/nursing needs), to participate in accordance with the DPS Agreement. Providers are able to bid based on the assessed needs of the individual .
- 5.8. These mini-competitions are facilitated by the Kent Business Portal and must be managed consistently and in accordance with the DPS Agreement so that the Council remains open, fair and transparent when spending the Council's money.

6. Conclusion

- 6.1. The Social Care, Health and Wellbeing Directorate in KCC is making increasing and effective use of Dynamic Purchasing Systems to streamline commissioning and take advantage of changes and developments in the market place for public health services and for adult residential care.
- 6.2. The flexibility of the DPS offers a number of benefits for commissioners including less paperwork than is often associated with traditional procurement processes. More important though are the financial benefits associated with drawing on the skills, expertise and innovation of a wider range of service providers in some important new service areas.
- 6.3. The DPS offers significant flexibility in managing the total commissioning resource. It enables commissioners to be more agile in responding to the needs of citizens and service users by contracting efficiently and effectively with providers who are best placed to deliver improved outcomes for Kent.

7. Recommendations

- 7.1. Members of the Committee are asked to:
 - i. Note the opportunities presented by increased use of a DPS for commissioning social care, health and wellbeing services for Kent.
 - ii. Raise awareness of the Public Health DPS and Residential Care DPS wherever possible and encourage potential providers to apply to join if they are interested in bidding to provide these services.

8. Background documents

None

9. Contact Details

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