

<b>Item No.</b> 15.	<b>Classification:</b> Open	<b>Date:</b> 17 March 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Gateway 1 – Home Care Procurement Strategy	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Dora Dixon-Fyle, Adult Care, Arts and Culture	

## **FOREWORD – COUNCILLOR DORA DIXON-FYLE, CABINET MEMBER FOR ADULT CARE, ARTS AND CULTURE**

The council's vision for adult social care underlines the importance of ensuring there is good quality, coordinated care and support available to people in their own homes and local neighborhoods. Home care services play a vital role, providing support which includes personal care, assistance with meal preparation along with a range of other practical support around the home that enables people to remain living at home safely and as independently as possible, for as long as possible. Delivering on the commitment to a Southwark Ethical Care Charter has put Southwark at the forefront of work to deliver a step change in the way home care is commissioned, and how the home care workforce is valued. I am pleased that we have already made good progress in implementing our commitments with our existing commissioned providers.

This report now sets out how the council intends to re-commission home care services so that the Southwark Ethical Care Charter can be implemented across the home care sector in the borough. The strategy set out in the report will allow the council to secure a series of geographically focused contracts to support closer working between home care services, primary care and community health services, as well as continuing to provide the flexibility that delivers the council's commitment to personalisation and choice and control for Southwark residents. The recommended approach will ensure that both smaller locally focused providers and larger national providers can engage in the procurement process. This is vital to ensure service users can continue to have choice from a diverse range of providers, all working to the high quality standards set out in the Southwark Ethical Care Charter.

## **RECOMMENDATIONS**

That cabinet:

1. Approves the procurement strategy outlined in this report, namely:
  - a) to undertake a competitive tender to re-commission home care services to establish a series of demand led, geographically based contracts aligned to the development of neighborhood working and local care networks
  - b) that the contracts once awarded will be for a term of five years from 1 July 2016, with provision to extend the contracts for a further two one year extensions.
2. Notes that as set out in paragraph 71 the initial market testing and development phase of the procurement will be used to determine the optimum configuration of the contracts that meet operational service requirements in relation to:

- a) Service quality and continuity
  - b) Provision of robust back up service delivery arrangements
  - c) Provision of specialist support including culturally specific care needs
  - d) Partnership working arrangements across the series of contracts
  - e) provision for the council to be able to commission care and support services to extra care housing from the contracts as required.
3. Delegates to the strategic director of children's and adults' services decisions in respect of the optimum configuration of contracts.
  4. Notes that the projected maximum estimated annual contract value for these contracts is £24 million (currently £18m), which will be met by existing social care budgets, and from NHS funding to the Local Authority, from the Better Care Fund and under agreements arising from integration, in line with the Care Act 2014.
  5. Notes that in line with the existing contract terms a further Gateway 3 report will be brought forward to exercise a further and final one year extension to 30 June 2016 to allow time for procurement of home care services to be completed.

#### **BACKGROUND INFORMATION**

6. Home care services provide a vital support which includes personal care, assistance with meal preparation along with a range of other practical support around the home that that enables people to remain living at home safely , for as long as possible.
7. The council's vision for adult social care recognises the importance of ensuring there is good quality, coordinated care and support available to people in their own homes and local neighbourhoods. It sets out a number of principles including a focus on securing a better experience of care for people and their carers in order to enable them to live independently for as long as possible.
8. Building on the previous work of the Home Care 'task and finish group', in July 2014 cabinet agreed the Southwark Ethical Care Charter (SECC) for home care services and a strategic commissioning approach that placed home care services at the heart of a community support service model.
9. This has put Southwark at the forefront of work to deliver a step change in the way home care is commissioned and how the home care workforce is valued. Through a variation and extension of existing home care contracts, agreed by the Cabinet Member for Adult Care, Arts and Culture in July 2014, the SECC has been implemented for the councils main cost and volume contracts. This now means home care workers are paid London Living Wage, paid for their travel time and offered guaranteed hours as opposed to zero hours contracts.
10. In this context the procurement strategy set out in the report will allow the council to implement the SECC for all commissioned home care services. The approach also supports the delivery of a locality based approach that supports the principles of personalisation and choice of provision for service users.

## KEY ISSUES FOR CONSIDERATION

### Market considerations

#### *Provider analysis*

11. The national market for home care services is large and diverse; some providers are small in scale and deliver services in defined and limited geographic areas and some work regionally and/or nationally. The market comprises of a range of provider types including voluntary sector organisations, private companies and some mutual/community interest companies who between them deliver almost 90% of publicly funded home care (IPC, 2012).
12. Analysis by Oxford Brookes University, Institute of Public Care in 2012 indicated that nationally there were 4515 registered providers and more recent market analysis by Laing and Buisson in 2014 confirmed that the market remains large and diverse. Unlike the nursing and care home market there is limited consolidation in home care where even the largest national provider only accounts for just over 6% of the market share. The next 9 largest providers individually deliver between 2.9% and 1.4% of all home care.
13. This diversity in the market fundamentally supports the personalisation of social care services which is more difficult to achieve where choice is restricted either through highly consolidated markets and near monopoly supply. It also ensures that local authorities can externally commission services with confidence knowing that there are a wide range of providers from which to secure high quality personalised care.
14. In Southwark the current home care contracts were put in place following a competitive tendering exercise that concluded in 2011. Prior to this the council had 19 cost and volume contracts with a range of home care providers. These providers included voluntary sector and private providers, some operating only in Southwark but the majority operating in Southwark and across the South London and greater London area.
15. The council also spot purchases care and support. Spot purchasing is used to respond to the fluctuating demands for home care, and at times to respond to very individual and specific needs. The balance between spot purchasing, and use of the cost and volume contracts and are set out in table below.

Table 1. Homecare Summary

<b>Commissioning arrangement</b>	<b>Users supported</b>	<b>Provider summary</b>
Main cost volume contracts	1500	Private providers
Spot contracts	750	Private and voluntary providers

16. The recommended procurement approach will ensure that both smaller locally focused providers and larger national providers can engage in the procurement process. This is vital to ensure service users can continue to have choice from a range of providers, all working to the quality standards set out in the SECC and that niche services remain available where individual specialist need or cultural needs are identified as important by service users.

### **Quality Considerations**

17. High quality services are central to delivering good person-centred outcomes for users. National research including the regular national home care surveys carried out by local authorities have consistently identified key quality themes from a user's perspective around continuity of care, quality of interaction with their care worker and for care workers to have sufficient time to support individuals in the way they want to be supported.
18. The tender approach will require providers to sign up to delivering the SECC and will make clear that the council will expect providers to deliver quality improvements linked to reducing workforce turnover, improving the continuity of care for service users and working in partnership with the council on a social care workforce development and training strategy to ensure staff are equipped and supported to deliver the care that service users say they want.
19. Local analysis of home care activity indicates that adopting a locality focus to the configuration of future contracts is necessary. Through establishing smaller geographic patches that support joint working between home care staff, primary and community health services and wider preventative community support that tackles social isolation there is real scope to delivering care around the person in a more person-centred way. This is consistent and complementary to the development of Local Care Networks in Southwark and has informed the recommended tender and contracting approach.
20. The council has faced challenges to secure timely delivery of care to certain postcodes within the current arrangements, which in part has led to the levels of spot purchased care reflected in table 1. The procurement approach with its focus on establishing a series of geographically based contract will allow defined teams to operate in smaller areas, ensuring continuity of care and will address the challenges around access to and availability of care in some locations.

### **Cost Considerations**

21. Nationally there has been extensive research<sup>1</sup> and review of home care services including the cost of home care services. This national work and previous work undertaken locally has identified that the cost of home care services will increase in order to deliver the enhanced requirements of the SECC. The council however faces continued cuts to its budget.
22. It has therefore been important for the council to undertake affordability analysis to inform the procurement options. Local price modelling for the SECC, drawing on information sharing with other London boroughs, particularly those who have recently completed tenders for home care services, has given the council a good understanding of the likely cost of commissioning home care to the SECC Standard.
23. Although the enhanced specification associated with the SECC will prove more expensive, the recommended competitive tender approach will allow the council to secure value for money and contracts that are affordable by ensuring

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<sup>1</sup> UKHCA Care is not a Commodity 2012 and A fair price for care 2014; Kingsmill Review - 2014, Resolution Foundation - Zeroing In 2014; Laing and Bussion 2014.

providers bear some of the increased cost of delivering the enhanced specification.

### **Summary of the business case/justification for the procurement**

24. The council has a duty to assess the care and support needs of its most vulnerable residents and ensure those eligible under Fair Access to Care Service criteria needs can be met. The council does this by providing a Commissioned service or a direct payment in order for the person to make their own arrangements. The council has a duty to offer all eligible adults a direct payment.
25. In addition to the council's duty to assess need and make suitable arrangements to meet need, The Care Act 2014 places a further duty on local authorities to promote the efficient and effective operation of a market for meeting care and support needs. This includes a requirement to have a variety of providers that supports meaningful choice for service users, including for self funders, thus promoting vibrant, diverse and sustainable care and support markets.
26. The council's current arrangements for home care involve the commissioning of services from two main providers under a cost and volume contracting arrangement. These contracts expire at the end of June 2015 and although there is scope to extend these arrangements further to June 2016, there remains a need to put in place a more comprehensive longer term arrangement.
27. In addition the council spot purchases home care from a range of agencies. A framework to commission homecare to our standards, including SECC, would address the risks, issues and costs that arise in spot purchasing.

### **Options for procurement including procurement approach**

28. The council has a number of options when seeking to secure the delivery of high quality care and support services for Southwark residents. These include directly delivering these services or seeking to commission services from external providers.
29. The council has carefully considered the most appropriate approach to secure new delivery arrangements for home care services and the recommended approach is informed by:
  - a) the council's commitment to implement the SECC
  - b) analysis of the sector for home care services
  - c) the financial challenges the council faces
  - d) the national and local policy context and legislation in relation to the personalisation of social care services and use of direct payments
  - e) existing statutory duties and new requirements that come into force in April 2015 as a result of the Care Act 2014
  - f) the national and local strategic context and priorities to develop a more integrated, locality focused approach to social care, primary and community health care.
30. The recommended approach also takes account of previous options appraisal work (cabinet report October 2013), benchmarking and analysis of best practice, learning from recent regional and national tendering of home care services and

legal and procurement advice.

31. The options which have been actively considered are set out below along with the recommended route.

***Do nothing***

32. The council has a duty to ensure residents with assessed eligible social care needs have access the care services they require, as well as new duties under the Care Act 2014 to promote vibrant, diverse and sustainable care and support markets
33. The council could do nothing and simply spot purchase home care services beyond the current end date of the existing contracts. This would result in a very fragmented market where the council has less influence and certainty on the cost of services and less influence over the quality of services.
34. In addition, as is currently the case with existing spot purchasing, the council has limited scope to secure the SECC. Therefore moving to a spot purchasing arrangement beyond the life of the existing contracts would hinder rather than support the delivery of the council's commitment to implement the SECC.
35. This option and approach is not recommended

***Single supplier negotiations***

36. A negotiated variation and extension of existing contracts has enabled the council to implement the SECC. However the costs associated with this have not been subject to competitive market forces. Paragraphs 11 to 19 provide an overview of the home care provider market and illustrate that there is a well developed and diverse market which means that through tendering these contracts there would be scope to ensure that providers bear some of the cost of implementing the SECC.
37. In the context of a well developed and diverse market, undertaking single supplier negotiations with existing or individual providers also exposes the council to risk of challenge. Public procurement duties require local authorities to ensure it uses fair, equitable and transparent process for the letting and awarding of contracts and conducting a tender exercise is typically how local authorities comply with these duties.
38. A single supplier negotiation would also limit the scope to develop delivery in line with the future model of geographically locality based services. It would limit the scope to address the difficulties to provide homecare in some areas of the borough and would not allow the council to develop operational service requirements for primary, secondary and back up provider arrangements as well as specialist provision as required.
39. This option is therefore not recommended.

***Directly deliver home care services***

40. Very careful consideration has been given to the scope for Southwark to directly deliver home care services – i.e. bring home care services back in house. This

has included consideration of how this may impact on the council's duty to deliver personalisation and its ability to promote choice and control for Southwark residents over their care arrangements. Cost benefits have also been considered with detailed analysis of this having been undertaken by the council's external auditors.

41. Local authorities must offer all eligible adults direct payments and direct payments cannot be used to purchase council services. Direct delivery of home care services would therefore conflict with this duty and the council's Vision for Adult Social Care by restricting the choice and control available for users. It would also impact on the council's performance in relation to the take up of direct payments and would run contrary to the council's new duty under the Care Act to promote a diverse market for care services including self payers.
42. In relation to the cost of directly delivering home care services the analysis by the council's auditors involved an open book accounting exercise with the council's two existing providers. This has allowed the council to better understand service cost components and provider operating models, including organisational overheads and profit.
43. The findings of this work indicate an operating model where between 75% and 85% of cost is associated with care staff. With non staffing costs of between 15 and 25% including profit of between 3% and 8%, an immediate additional cost of directly delivering home care services would be a circa 16.5% increase in the staffing costs, which equates to a minimum of £2.6 million annually. This would be over and above the existing additional annual cost of £2 million noted in paragraph 100.
44. In addition the work has identified that the providers operating model does not compartmentalise Southwark commissioned work from care delivered to self funders or other neighbouring boroughs. There is therefore a risk that in seeking to directly deliver home care services to eligible Southwark residents the council could destabilise the local home care market, impacting on self funders and care workers themselves who deliver a mixture of Southwark, self payer and other local authority work, which would be in direct conflict the council's objectives and values.
45. As the personalisation agenda progresses and more people choose direct payments this would expose homecare workers employed by a Local Authority to a risk of redundancy.
46. On the basis of the above this option and approach is not recommended.

***Undertake a competitive tender process***

47. When considering the option to externally commission services by undertaking a tender exercise the council must consider the nature of the market for the services it wishes to commission. As set out in paragraphs 11 to 19 the market for home care services locally and nationally is diverse with a good range of small, medium and larger national providers; for profit and not for profit; businesses and charities.
48. The home care market is regulated by the Care Quality Commission and based on national information from CQC and benchmarking with other local authorities

there are many providers who are able to and have a track record of delivering good quality services in partnership with local authorities.

49. This context is important and provides the council with the necessary confidence and assurance that an external procurement could secure a good level of interest from potential providers, allow for competition and with the right approach to the tender methodology, enable the council to secure high quality services that provide choice for users and value for money for the council and its partners by requiring successful bidder to share the cost of the additional investment required to deliver the SECC.
50. Proactive pre-tender engagement with the market can also be used to help shape and influence the response to external procurements. This can include market shaping work that supports the development of different provider operating models such as Community Interest Companies (CICs), Social Businesses, arms length worker/management lead organisations to influence the type of providers who would be in a position to respond with appropriate proposals when the council issues its invitation to tender.
51. In consideration of the above and the other options, it is recommended that an external procurement exercise is undertaken.

#### **Proposed procurement route**

52. When seeking to secure services from external suppliers the approach can include undertaking an open procurement, restricted procurements, two stage procurements and competitive dialogue for both single/multiple contracts or Framework contracts.
53. Home care services, and most other social care services, when externally commissioned, have generally been procured using a two stage restricted tender approach. This approach is often adopted on the basis that the services being procured can be easily specified and therefore set out clearly and unambiguously in tender documentation to which providers respond.
54. Given the focus on commissioning for outcomes coupled with working across health and social care services consideration has been given to whether a restricted two stage approach will deliver the outcome the council is seeking to achieve.
55. Competitive dialogue can allow, through the tender process, specified aspects of the approach to be developed with potential providers, leading to refinement of the approach against which bidders make final submissions. While a competitive dialogue could help with the development of outcome focused contracts and the geographically based approach recommended for this tender approach, it would add complexity to the tender and require additional time and is therefore not recommended.
56. In consideration of the above the recommended approach is to undertake a restricted two stage competitive tender to secure a series of geographically based contracts held in an overarching framework. This arrangement will allow the council to manage risk and focus services on local networks to deliver better continuity of service, improve user experience and secure best value for money



57. The recommended approach to undertake a restricted two stage competitive tender will allow the council to put in place new contracting arrangements as quickly as possible. It should be noted additional time has been included to allow market discussion to be undertaken on the outcome focussed activities prior to the procurement.
58. It should be noted, however that the two main cost and volume contracts will need to be extended beyond their existing end date of June 2015 in order to ensure continuity while the tender processes is completed. Based on the timetable set out on page 11 an extension to the end of June 2016 will be required.

### Identified risks for the procurement

59. The main risks are identified below:

No.	Risk	Level	Mitigation
1	The market not being fully developed and providers not equipped to deliver the required service.	Low	Pre tender market engagement
2	Provider failure to deliver to the required capacity and quality standards	Low	Pre tender development with providers of the optimum approach to secure, primary, secondary and back up arrangements in a framework that ensures this risk is designed out as far as possible.
3	Enhanced quality and specification requirements of the SECC cannot be met by providers.	Low	Pre tender engagement and tender process will ensure this is robustly tested.
4	Continued reductions to council funding could mean the council cannot afford the enhanced service specification associated with the SECC in the longer term.	Med	Price will be robustly tested through the tender process and the development of the tender approach will include consideration of controls around volume and a pricing floor/ceiling.  The council will also seek some financial risk share with the CCG through the development of the local care networks model and the homecare providers who will also benefit from the SECC in terms of recruitment and retention.

### Policy implications

60. Community based home care services help ensure that the council meets its statutory duties under local government, community care and NHS legislation and Fair Access to Care Services (FACS) eligibility criteria.
61. The re-commissioning of home care services will ensure the council can meet its

duties set out above and new duties under the Care Act 2014. It is also consistent with and supports the ongoing delivery of the councils Vision for Adult Social Care Services agreed by cabinet in April 2011.

62. The council's new duty under the Care Act 2014 from April 2015 will require the council to promote an effective care and support market that contains a variety of services and providers. This coupled with the restrictions on the use of direct payments means that the recommended approach meets these duties in the round.
63. By re-commissioning home care services in line the strategic principles for ICS agreed by cabinet in July 2014 the procurement approach set out in this report supports the Southwark Health and Wellbeing Board's vision for integration. It will also deliver the "Fairer Future" Council Plan commitment of the SECC.

### Procurement plan

64. The timeline for the procurement plan is set out below:

<b>Home care re-commissioning timetable</b>	
<b>Activity</b>	<b>Complete by</b>
Forward Plan	October 2014
Review by Departmental Contract Review Board (DCRB)	4 February 2015
Review by Corporate Contract Review Board (CCRB)	18 February 2015
Cabinet Agenda Planning	3 March 2015
Deadline for final report to cabinet dispatch	5 March 2015
Notification of forthcoming decision – dispatch of cabinet agenda papers	6 March 2015
<b>Cabinet – Decision on Gateway 1: re-commissioning approach to Southwark's homecare service</b>	<b>17 March 2015</b>
Scrutiny call-in period and notification of implementation of Gateway 1 decision	25 March 2015
Pre market engagement and bidders sessions	April and May 2015
Completion of pre-qualification questionnaire (PQQ) documentation	June 2015
Completion of invitation to tender (ITT) documentation	April to June 2015
Bidders briefing session	June 2015
Advertisement of contract (OJEU)	June 2015
Closing date for completed PQQ	July 2015
Closing date for PQQs short-listing	August 2015
Inform bidders of the outcome of the PQQ evaluations	August 2015
Dispatch of ITT	September 2015
Bidders briefing session	October 2015
Closing date for return of tenders	November 2015
Completion of ITT evaluation	November and December 2015
Review Gateway 2 by DCRB	January 2016
Review Gateway 2 by CCRB	February 2016
Dispatch of cabinet agenda papers	February 2016
Cabinet agenda planning	February 2016
Dispatch of cabinet papers	March 2016
<b>Cabinet – Decision on Gateway 2: re-commissioning approach to Southwark's homecare service</b>	<b>March 2016</b>

<b>Home care re-commissioning timetable</b>	
<b>Activity</b>	<b>Complete by</b>
Scrutiny call-in period and notification of implementation of Gateway 2 decision	March 2016
Contract award	March 2016
TUPE consultation period	April 2016 to June 2016
Contract start	July 2016
Initial contract completion date	End July 2021
Contract completion date (if extension(s) exercised)	End July 2023

## **TUPE**

65. The proposed procurement strategy is likely to have TUPE implications and the extent of the TUPE implications will depend on the final contract award. These TUPE implications do not directly affect the council as an employer. The procurement plan has therefore scheduled time to work with any potential incumbent and successful providers, and ensure that there is sufficient time for discussion and agreement prior to any contract start.
66. It is estimated that approximately 700 staff are employed, part-time or full-time, across the current two main cost and volume home care contracts. The majority of care workers choose to work part-time. Following the contract extension and variation these staff are paid London Living Wage, paid for their travel time and have been offered a guaranteed number of hours as opposed to zero-hour contracts.

## **PROPOSED TENDER APPROACH**

### **Development of the tender documentation**

67. A dedicated project board and project team will be established to drive forward the development of the tender documentation and the procurement process will include a pre tender market development and engagement phase that will enable the council to:
- a) determine optimum framework configuration of contracts to meet operational requirements to have robust back up contracting arrangements and the provision of specialist services,
  - b) establish clear expectations of providers including the requirement for them to deliver the SECC.
  - c) develop the price evaluation methodology to ensure costs are reasonable and affordable, secure delivery of the SECC and consistent with the council's offer of a longer term contracting arrangement
  - d) Align contract outcomes with the development of local care networks to secure greater operational and financial collaboration with our local NHS partners.
  - e) Contracting for outcomes and partnership working on a locality basis.
68. Key stakeholders from social care operational teams, commissioning and contracting in Children's and Adults' Services, as well as the local NHS CCG, will be finalising the service specifications as part of the pre-tender market engagement.
69. Legal, procurement and finance will support and advise on the development of the pre-qualification questionnaire (PQQ), invitation to tender (ITT), and support the

development of the evaluation criteria, pricing documents and methodology statements. A complete suite of tender documentation will then be issued prior to the ITT stage.

### **Advertising the contract**

70. In addition to pre market engagement activity through bidders events prior to formally advertising the tender the council will widely publicise the invitation for expressions of interest in a range of publications and local press as listed below:

- Contracts finder
- Community Care
- Southwark Council Website
- South London Press
- OJEU Notice
- Existing homecare providers commissioned by Southwark will be invited to attend a bidders meeting once the procurement has been advertised.

### **Evaluation**

71. In order to secure the best service possible from providers, with outcomes for users, the report proposes a weighted model of 60/40.

### **Quality – 40%**

72. The dedicated project board and project team will oversee the development of the quality evaluation criteria taking account of pre tender market engagement work and adult social care and Southwark CCG operational priorities and quality requirements.

73. Staff from these stakeholder groups will be involved in the evaluation panels and with oversight from the project board the evaluation panels will set the criteria and examples of the themes that will be considered include, but will not limited to:

- Provider Care Quality Commission (CQC) licensing and registration
- Safeguarding
- Equalities
- Integration and joint working
- Quality assurance, service development and staff training and support
- Delivering the enhanced requirements of the SECC.

74. The quality evaluation will take the form of written submissions, clarification meetings, and reference requests and, importantly, site visits.

75. The bidders will also be required to demonstrate their commitment to the SECC for their local workforce.

### **Price Evaluation – 60%**

76. The dedicated project board and project team will utilize the findings of extensive benchmarking of unit costs being paid for homecare, and other related services in London to devise a methodology that ensures transparency of pricing and certainty of cost for the council. Providers will be required to submit a full

breakdown of their costs based upon the councils "Evidence Based Costing template" which includes.

- The hourly rate of pay for staff
- Management costs
- Building and office costs, including rent
- Reasonable operating profit for the organisation.

77. Analysis of these cost components will form part of the evaluation and with 60% allocated to price cost and affordability will be an important consideration in the purchasing plan and will inform the outcome of the final tender. A price floor and ceiling will ensure that the price set is neither too low or too high.

### **Community impact statement**

78. The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including how what is proposed to be procured may improve the economic, social and environmental well-being of the local area. These issues are considered in the following paragraphs which set out economic, social and environmental considerations along with the council's public sector equalities duties.

79. On initial assessment there is not thought to be any disproportional impact in relation to the following areas covered by the council equality agenda: Race, Gender, Age, Disability, Faith and Religion, Sexuality, Gender re assignment, Marriage and Civil Partnership and finally Child Care and Pregnancy.

80. One of the key outcomes to be achieved by the proposed procurement strategy will be to secure improvements in the quality and responsiveness of home care services. As the recipients of home care services, are overwhelmingly older people above pensionable age, who are also likely to be living with a disability or one or more chronic long term conditions and, the proposed procurement strategy should deliver a positive equalities impact by supporting both older people and younger disabled people to maintain their independence and live fulfilling lives outside of institutional care for as long as possible.

81. On-going assessment of equalities impact will be made throughout the development of the tender documentation and the tender process itself

82. The demographics of people who receive social care delivered by the council in Southwark can be summarised as follows:

- Of 4600 people who receive care, approximately 64% are older people, with the remainder being people with learning disabilities, mental health problems or physical disabilities.
- Amongst the over 65's approximately 65% of these are women, which is linked to longer life expectancy for women and that needs for home care increase with much older people.
- Approximately 37% of service users over 65 are from Black, Minority and Ethnic (BME) groups .This being disproportionately higher than the proportion of people over 65 years of age from BME communities in the borough)

- Amongst the under 65's approximately 47% of these are women and approximately 56% are from BME groups.
83. All those in receipt of homecare and local authority community based services meet the Fairer Access to Care Services (FACS) criteria of critical or substantial. This means that these people are likely to be classified as having a disability.
  84. The new service will require providers to pay staff London Living Wage, pay for their travel time and to offer a guaranteed level of working hours as an alternative to zero hour contracts. As the majority of these staff are local women, disproportionately from BME communities, this payment will have a positive impact upon those traditionally marginalised groups as well as the local economy.
  85. Whether bidders have acceptable equalities codes of practice and policies will be considered as part of the evaluation process and are a core part of their registration requirements with the CQC. Provider will therefore be required to be compliant with these standards and the standards expected by the council in particular demonstrating a committed to the Southwark Ethical Care Charter.

#### **Economic considerations**

86. The majority of the workforce expected to deliver the new service live locally, and the award of the contracts will support the local economy. In this way, the commissioning principle of placing Southwark as a great place to live and work at the heart of the service will be supported.
87. Those employed by the successful providers are likely to be local women and men who will be helped economically by the application of the London Living Wage and the broader principles of the SECC.

#### **Social considerations**

88. The evaluation of the bids will ensure that providers have a strong track record in delivering services to a diverse group of service users.

#### **Environmental considerations**

89. The evaluation of the bids will ensure that providers have an acceptable green policy in relation to the delivery of the service. The council will expect the majority of the workforce to use public transport to travel between service user visits. The provider is expected to use digital resources, including secure electronic mail and databases in order to eliminate the unnecessary use of paper.

#### **Proposals for the monitoring and management of the contract**

90. The contracts will be monitored by the Children and Adults' contract monitoring team and provider performance will be measured against the service specification outcomes and Key Performance Indicators (KPIs) as set out in the contract documentation.
91. There is clear evidence from discussions with London boroughs that strong local

leadership within the registered branch delivering the local care services is fundamental to securing high quality services. The council will adopt a strong partnership and relationship management based approach to the management of the proposed contracts and design in greater provider ownership and accountability around outcomes and the needs of service users and family carers in the localities they cover. It will also be central to ensuring providers are clear about their role and responsibilities to operate effectively as part of a local care network of care and support.

92. The contract will therefore be monitored on the basis of real outcomes for those who receive care, with wellbeing as well as health and care outcomes at the core of contract management. It will maximize the opportunity to implement a fresh approach to quality and performance reporting where the contracting arrangements will put greater responsibility on providers to routinely collect and report on quality, performance and service user satisfaction, alongside a requirement to implement electronic visit monitoring. In addition to outcomes, key outputs such as no 15 minute home care visits will be implemented and monitored.
93. Any concerns or complaints about the service raised by individuals, their families or carers will be investigated, as appropriate, by the council.
94. The supplier's performance will also be monitored by the Care Quality Commission (CQC) which will raise any concerns to the council.
95. Southwark Healthwatch is the local champion for patient and care users experience of local health and social care services, and will have a role in bringing forward issues or raising concerns about the service.
96. The KPIs for the service will be considered and agreed at appropriate levels within the council's children's and adults' services department, including by key social care leads.

#### **Staffing procurement implications**

97. The procurement will be contained within the existing commissioning, procurement, legal, social care and finance staffing structures.

#### **Financial implications**

98. The children's and adults' services department is currently spending £18m annually on Homecare . This will increase to £20m in 2015/16. Funding for the £2m increase has been factored into the 2015/16 budget setting process.. By 2016/17 the full implementation of the SECC is expected to cost £24m annually. This represents over £4m additional investment and will be considered as part of council's overall budget setting process.
99. The investment in quality homecare is in context of significant budget pressures on the council's overall budget. The council however, recognizes that improving the quality of homecare will promote service user independence and help deliver better health and social outcomes. It will increase the length of time that adults can stay in their own homes and reduce hospital stays or placements in residential homes, which are both higher cost alternatives with poorer outcomes.

100. There are also potential risks from annual inflation uplifts and LLW increases. The council will through its procurement and commissioning strategy ensure that these risks are shared with providers, strategic partners and other stakeholders.
101. The department has duly considered these underlying financial challenges and together with corporate colleagues have mapped out a funding plan.
102. The recommended procurement strategy as described in paragraphs 55-62 which allows for a competitive tender exercise will support the council to achieve value for money alongside quality considerations. This will provide the council with an opportunity to manage the inherent risks

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Procurement**

103. This report is seeking approval of the procurement strategy for the provision of a series of Home Care services contracts, on a framework.
104. Currently home care services are being procured through an existing contract with two main providers and spot purchases with a range of agencies. The report clarifies the options that have been explored for future delivery of the home care services and concludes that a series of demand led, geographically based contracts on a framework shall be put in place, allowing the council to implement the Southwark Ethical Care Charter (SECC) which was agreed by cabinet in July 2014. The report confirms that a market exists to support this approach.
105. As part of the procurement process a pre-tender market development and engagement phase shall be carried out. This shall go some way to inform the development of the tender documentation in order to secure a suitable service.
106. With a contract of this size and nature, EU regulations apply. The report confirms that a restricted process will be followed which is in line with the regulations and satisfies the council's contract standing orders.
107. The timeline for this project is achievable provided the appropriate resources are available when necessary.
108. The report confirms that project governance will be set up who will provide input and advice with the preparation and development of the tender documentation.
109. Evaluation will be based on a weighted model, 60/40 as set out in the report. The report advises that the project team and project board shall be responsible for the development of the evaluation methodology and criteria which should be issued to the tendering parties at the outset of the tendering process

### **Director of Legal Services**

110. This report seeks the approval of cabinet to the procurement strategy for home care as outlined in this report.
111. It is considered that these services are subject to the Public Contracts Regulations 2015. Paragraph 56 of this Report confirms that a restricted two stage tendering procedure is proposed which will comply with EU regulations



and CSO tendering requirements.

112. This contract is classified as a strategic procurement and therefore CSO 4.4.2 a) reserves the decision to the cabinet or cabinet committee to authorise the proposed procurement process, after consideration by the corporate contracts review board (CCRB) of the report.
113. Pursuant to section 149 of the Equality Act 2010 the council must have due regard to the need to:
  - (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
  - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
  - (c) Foster good relations between person who share a relevant protected characteristic and those who do not share it.
114. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are protected in relation to (a) only.
115. Paragraphs 78-80 and 83 of the report demonstrate how the council has had due regard to PSED in this procurement and the decision maker should satisfy him/herself that this duty as been complied with when considering these recommendations.

**Strategic Director of Finance and Corporate Services (FC14/053)**

116. The strategic director of finance and corporate services notes the recommendations in this report for a procurement strategy for re-commissioning home care services.
117. The costs of the proposed contract are outlined in the financial implications section of the report. The contracts are planned to commence on 01/07/2016. Further detail of the estimated costs will be available as part of the Gateway 2 contract award report to cabinet, anticipated in March 2016. However, the costs of the service will need to be addressed as part of the council's budget setting process for 2016/17, which will be a council assembly decision in February 2016.
118. It is noted that the projected maximum estimated annual contract value for these contracts is £24 million to be met by existing social care budgets, and from NHS funding to the Local Authority, from the Better Care Fund and under agreements arising from integration, in line with the Care Act 2014.
119. Any costs associated with the extension of the contract from 01/07/15 to 30/06/16 will need to be contained within the budget as agreed by council assembly in February 2015.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 2 – Contract Award Approval – Homecare Services in Southwark presented to Cabinet on 25 <sup>th</sup> January 2011	Children’s and Adults’ services Southwark Council 160 Tooley Street, London, SE1 2QH	Jonathan Lillistone on 020 7525 2940
<b>Link</b> <a href="http://moderngov.southwark.gov.uk/documents/s15724/Report%20Home%20Care%20Contract%20Award%20Gateway%202.pdf">http://moderngov.southwark.gov.uk/documents/s15724/Report%20Home%20Care%20Contract%20Award%20Gateway%202.pdf</a>		
Developing a Quality Strategy and Best Practice Principles for Homecare Services: Initial review of UNISON’s ethical care charter presented to Cabinet on 16 April 2013	Children’s and Adults’ services Southwark Council 160 Tooley Street, London, SE1 2QH	Jonathan Lillistone on 020 7525 2940
<b>Link</b> <a href="http://moderngov.southwark.gov.uk/documents/s36891/Report%20Developing%20a%20Quality%20Strategy%20and%20Best%20Practice%20Principles%20for%20Home%20Care%20Services%20Initial%20r.pdf">http://moderngov.southwark.gov.uk/documents/s36891/Report%20Developing%20a%20Quality%20Strategy%20and%20Best%20Practice%20Principles%20for%20Home%20Care%20Services%20Initial%20r.pdf</a>		
Ethical Care Charter Task and Finish Group. Progress and Feasibility Report on the Work of the Task and Finish Group presented to Cabinet on 19 <sup>th</sup> November 2013	Children’s and Adults’ services Southwark Council 160 Tooley Street, London, SE1 2QH	Jonathan Lillistone on 020 7525 2940
<b>Link</b> <a href="http://moderngov.southwark.gov.uk/documents/s42157/Report%20Ethical%20Care%20Charter%20Task%20and%20Finish%20Group%20-%20Progress%20and%20Feasibility%20Report%20on%20the%20Work%20of%20.pdf">http://moderngov.southwark.gov.uk/documents/s42157/Report%20Ethical%20Care%20Charter%20Task%20and%20Finish%20Group%20-%20Progress%20and%20Feasibility%20Report%20on%20the%20Work%20of%20.pdf</a>		
Gateway 3 contract approval – contract extension and variation for home care services	Children’s and Adults’ services Southwark Council 160 Tooley Street, London, SE1 2QH	Jonathan Lillistone on 020 7525 2940
<b>Link</b> <a href="http://moderngov.southwark.gov.uk/documents/s42157/Report%20Ethical%20Care%20Charter%20Task%20and%20Finish%20Group%20-%20Progress%20and%20Feasibility%20Report%20on%20the%20Work%20of%20.pdf">http://moderngov.southwark.gov.uk/documents/s42157/Report%20Ethical%20Care%20Charter%20Task%20and%20Finish%20Group%20-%20Progress%20and%20Feasibility%20Report%20on%20the%20Work%20of%20.pdf</a>		
Integrated community support – a new commissioning strategy, underpinned by an ethical care charter	Children’s and Adults’ services Southwark Council 160 Tooley Street, London, SE1 2QH	Jonathan Lillistone on 020 7525 2940
<b>Link</b> <a href="http://moderngov.southwark.gov.uk/documents/s47493/Report%20Integrated%20Community%20Support.pdf">http://moderngov.southwark.gov.uk/documents/s47493/Report%20Integrated%20Community%20Support.pdf</a>		

## APPENDICES

No.	Title
Appendix 1	Homecare – commissioning strategy and Southwark ethical care charter

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Dora Dixon-Fyle, Adult Care, Arts and Culture	
<b>Lead Officer</b>	David Quirke-Thornton, Strategic Director for Children's and Adults' Services	
<b>Report Author</b>	Jonathan Lillistone, Head of Commissioning, Children, Families and Adults	
<b>Version</b>	Final	
<b>Dated</b>	5 March 2015	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Children's and Adults' Services	Yes	Yes
Head of Procurement	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	5 March 2015	