

<b>Item No.</b> 19.	<b>Classification:</b> Open	<b>Date:</b> 31 October 2017	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Gateway 2: Contract Award Approval - Care at Home Contracts	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Adult Care and Financial Inclusion	

## **FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR ADULT CARE AND FINANCIAL INCLUSION**

For too long, homecare workers in the United Kingdom have been poorly paid. Councils have too often entrusted the care of some of their most vulnerable residents to people working at low rates of pay, on zero hours contracts, whose travel time between jobs is not recognised and have no right to paid holiday and sick leave. Those care workers are also all too often not given good training that helps in the job or to gain promotion.

Part of the country's national social care crisis has been created by this race to the bottom approach to home care creating an unsustainable system. To put this right, the care sector must start paying people what their work is worth, rather than just the least they think they can get away with.

Southwark has led the country in taking the necessary steps to put this right. In 2012, we became a Living Wage council, agreeing that all new contracts would be let on London Living Wage terms. In 2014, Southwark became one of the first two councils in the country to agree to put an Ethical Care Charter in place, addressing all the problems highlighted above with homecare employment practice. This was put into affect for our homecare contracts in 2015.

However, this still left much of the change needed undone: approximately half the home care paid for by the council was not through its contracts but through spot-purchase arrangements. This report therefore completes the journey on making homecare work fairer that we have embarked on: cabinet is asked to agree contracts that would cover all the homecare that the council pays for.

There are a total of ten contracts in the new arrangements. Nine of these contracts cover four geographic areas in the borough, which align with the local care network areas developed jointly with the Southwark Clinical Commissioning Group. The tenth covers the borough's out of hours "Night Owls" service and our extra care housing schemes.

We welcome the high level of interest of potential partners in these ten contracts: it is clear that the Southwark Ethical Care Charter is an attractive offer to both employees and their employers. 47 companies submitted Standard Questionnaire applications, of which 26 were of sufficient quality to be asked to put forward a full tender. 22 of those companies did so.

After careful evaluation, five companies are being recommended for these ten contracts. All five companies scored well for both quality and price for each of the contracts that they have been recommended for.

Agreeing the recommended contracts will ensure that Southwark can provide high quality home care for its vulnerable people whilst treating the workers delivering that care with the respect that they deserve.

## RECOMMENDATIONS

1. That the cabinet notes the change in the agreed evaluation methodology to a cost/quality weighting of 70.30 as further detailed in paragraph 6.
2. That the cabinet approves the award of the home care (Care at Home) contracts to the following providers for a period of five years commencing from 4 December 2017 for general home care (Lots 1-9) and from 1 March 2018 for extra care and night owls<sup>1</sup> (Lot 10) with provision to extend all contracts at the council's discretion for a further two years. Details of the contracts are set out in the table below:

Lot No	Description of contract	Name	Estimated annual Contract Value	Estimated value at five year term	Estimated value if two year extensions exercised	Total estimated contract Value
1	General Home Care	London Care Ltd	£2.82m	£14.10m	£5.64m	£19.74m
2	General Home Care	Sagecare Ltd	£2.82m	£14.10m	£5.64m	£19.74m
3	General Home Care	Supreme Care Services Ltd	£2.13m	£10.66m	£4.26m	£14.92m
4	General Home Care	Medacs Health Care PLC	£2.20m	£11.02m	£4.41m	£15.43m
5	General Home Care	London Care Ltd	£2.73m	£13.63m	£5.45m	£19.08m
6	General Home Care	Sagecare Ltd	£2.73m	£13.63m	£5.45m	£19.08m
7	General Home Care	Supreme Care Services Ltd	£2.30m	£11.48m	£4.59m	£16.08m
8	General Home Care	Medacs Health Care PLC	£0.86m	£4.29m	£1.72m	£6.01m
9	General Home Care	Carewatch Care Services Ltd	£0.88m	£4.39m	£1.76m	£6.15m

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<sup>1</sup> The contract will provide care in the borough's three extra care housing schemes as well as delivering the Night owls mobile over night home care service supporting particularly frail people who have recently been discharged from hospital – primarily experiencing bed pressure sores and compromised skin viability who require turning several times over night

Lot No	Description of contract	Name	Estimated annual Contract Value	Estimated value at five year term	Estimated value if two year extensions exercised	Total estimated contract Value
10	Extra Care +Night Owls	London Care Ltd	£1.84m	£9.21m	£3.68m	£12.89m
<b>Total</b>			<b>£21.30m</b>	<b>£106.51m</b>	<b>£42.60m</b>	<b>£149.12m</b>

(All numbers are rounded and estimated)

## BACKGROUND INFORMATION

3. In March 2015 the cabinet approved a Gateway 1 report to procure home care contracts as a means of introducing the Southwark Ethical Care Charter (SECC) across the whole commissioned home care sector. This includes that purchased in a more ad hoc arrangement through individual Service Level (home care) Agreements (SLA) provision, also known as “spot” arrangements. Therefore delivering in full the Fairer Future Promises 10 commitment in this area.
4. Following this decision, there then followed a period of extensive market, user and stakeholder engagement to finalise the council’s requirements. Namely; to provide a greater emphasis upon both improved outcomes for individual service users and the strategic outcomes for the wider health and social care economy. The engagement shaped the service specifications and the tender documentation and general procurement approach. To reflect this strategic shift, the council has adopted the title “Care at Home” for these future contracts as opposed to home care; in recognition of their vital role in a wider health and social care system supporting the boroughs’ most vulnerable and frail adult populations to live in their own home and avoid unnecessary residential care home or hospital admission.
5. Contracts with the council’s incumbent home care providers have been extended to align to the contract award and mobilisation timelines as set out in this report. The remaining home care is purchased on individual SLA arrangements from other home care providers. The staff who work under SLA arrangements are not as yet covered by the SECC. These SLA arrangements will cease as the care at home contracts go live and are rolled out.
6. The weighting as set out in the Gateway 1 was that of a 60/40 price/quality split. Due to the financial challenges facing the council, prior to advert going live in January 2017, the cabinet member for adult care and financial inclusion on 6 December 2016 agreed that this threshold should be amended to a 70% cost and 30% quality split, but not compromise on quality standards. Minimum quality thresholds were built into the evaluation methodology to ensure that quality remained acceptable. All of the providers who are being recommended for award passed the minimum thresholds of the requirements of the quality evaluation.

## KEY ISSUES FOR CONSIDERATION

### Description of procurement outcomes

7. The procurement has led to the recommended award of 10 different contracts. Overall the strategic objectives of the procurement were to:

- Fulfil the council's Fairer Future Promises and the roll out of the Southwark Ethical Care Charter to staff currently delivering home care through SLA arrangements as well as directly contracted home care
- Achieve value for money
- Drive up quality and outcomes for service users
- Mitigate against future provider failure and manage risk
- Re-configure services along Local Care Network boundaries to ensure the wider system is working as effectively as possible for the benefit of the vulnerable populations supported.

These objectives will be delivered through this procurement.

8. There have been five interrelated competitions covering 4 geographical areas aligned to the north and south Local Care Networks (LCNs). Areas A and B are located in the north LCN with C and D in the south LCN. The areas are broadly aligned to ward boundaries, with an intention to ensure that care teams are situated throughout the borough and travel time between visits is limited:

- **Area A** (Wards: Surrey Docks, Rotherhithe, Riverside, Grange, South Bermondsey Livesey)
  - **Area B** (Wards: Cathedral, Chaucer, East Walworth, Faraday Newington)
  - **Area C** (Wards: Camberwell Green, Brunswick, Peckham, Nunhead ,The Lane South Camberwell, East Dulwich, Peckham Rye)
  - **Area D** (Wards: Village, College)
  - **Lot 10** Borough wide Extra Care and Night owls.
9. The service users and hours of care within each area A to D will be shared equally between the 2 or 3 providers operating in that particular area.
10. Following tender evaluation the recommendations relate to five separate organisations and ten individual contract awards as set out below:

**Table One - Care at Home Contract Awards**

Service Delivery	LCN/Area	Lot	Area Name	Providers	Approx' annual contract value (£s)	Total Score out of 100 (cost/quality)	Final rank for this area <sup>2</sup>
General Care at Home	LCN North A	1	Bermondsey And Rotherhithe	London Care	£2.82m	92.20	1st
		2	Walworth and Blackfriars	Sage	£2.82m	90.52	2nd
	LCN North B	3		Supreme	£2.13m	88.30	3 <sup>rd</sup>
		4		Medacs	£2.20m	87.33	4 <sup>th</sup>
	LCN South C	5	Camberwell and Peckham	London Care	£2.73m	92.20	1st
		6		Sage	£2.73m	90.52	2nd
		7		Supreme	£2.30m	88.30	3rd
	LCN South D	8	Dulwich	Medacs	£0.86m	92.20	2nd
		9		Carewatch	£0.88m	86.31	4th
Extra Care and Night Owls	Borough-wide E	10	Borough-wide	London Care	£1.84m	92.26	1st

11. There is historically an uneven geographical pattern of home care purchased by the council. This being linked to the geographical nature of the economic and health inequalities in Southwark.
12. Although the council spend on home care is essentially split equally between the north and south LCN areas, the south LCN is geographically larger and purchasing is less evenly distributed than within the north. There is far higher utilisation in Peckham, Camberwell and East Dulwich, than in the less densely populated Dulwich Village / Crystal Palace areas; where economic and health inequalities are not as pronounced and with higher numbers of self funders of care. Hence the lower contract value for area D. This area has also traditionally been the hardest to find care staff to cover because of the lower density of customers (and therefore work available for care workers) and poorer public transport links. The intention from the lotting strategy was also to ensure that the council achieved value for money and avoid paying for unnecessary travel time across Dulwich. The aim is therefore for the two providers who are covering this area to develop specific links with the community and build up a local work force

<sup>2</sup> The highest scoring bidders who has not already been awarded a contract within the same Local Care Network is awarded a contract. See paragraph 24.

in College and Village wards. The award of lower value contracts also provided an opportunity for smaller providers with lower turnovers to bid.

13. As a result of this procurement, LCN North (area A and B) will have 4 different providers operating in total; with areas C and D in the south having 5 different providers. The contracts are co-terminus with the council's two social work teams and the LCNs. They have scope to be varied through mutual agreement to reflect any future configurations of the wider local health and social care economy. The lotting strategy applied also means that risk of an individual organisation failing can be managed as provider(s) will be operating alongside each other in each area/LCN, and so can provide cover.
14. The council has placed particular emphasis on achieving value for money in the procurement, and as a result it has obtained reductions on the unit costs it has been paying up to now for SECC home care rates. This has been done without compromising the integrity of the SECC. The SECC was not applied previously to SLA contracted home care and as a result the unit costs will increase in line with the financial projections the council carried out at the start of the procurement exercise.
15. In summary:
  - Ten contracts will be awarded to five separate home care organisations.
  - Three of these organisations are already operating in the borough. London Care is currently the second largest provider and Medacs and Carewatch both have long standing (be it with lower value) contractual arrangements in Southwark for the delivery reablement and intermediate care.
  - Supreme and Sage are both new to Southwark, but deliver comparable services elsewhere in London.

### **Procurement project plan (Key Decision)**

16. The procurement plan is set out below:

<b>Activity</b>	<b>Completed by/Complete by:</b>
Briefed relevant cabinet member (over £100k)	06/12/2016
Approval of Gateway 1: Procurement Strategy Report	19/03/2015
Invitation to tender	27/03/2017
Closing date for return of tenders	22/05/2017
Forward Plan (If Strategic Procurement) Gateway 2	01/05.2017
Completion of evaluation of tenders	11/08/2017
DCRB Review Gateway 2:	06/09/2017
CCRB Review Gateway 2:	14/09/2017
Notification of forthcoming decision – despatch of Cabinet agenda paper	23/10/2017
Approval of Gateway 2: Contract Award Report	31/10/2017

End of Scrutiny Call-in period and notification of implementation of Gateway 2 decision	10/11/2017
Alcatel Standstill Period	11/11/2017
Publication of award notice in Official Journal of European (OJEU)	20/11/2017
Publication of award notice on Contracts Finder	20/11/2017
Contract award	20/11/2017
Add to Contract Register	01/12/2017
Contract start for lots 1-9 from (Mobilisation over 5 months)	04/12/2017
Contract start for lot 10	01/03/2018
End TUPE Consultation(s) period (if applicable)*	30/04/2018
Contract completion date for lots 1-9	04/12/2022
Contract completion date for lot 10	28/02/2023
Contract completion date for lots 1-9 – if extension(s) exercised	04/12/2024
Contract completion date for lot 10 – if extension(s) exercised	28/02/2025

\*TUPE consultations involve a number of different staff in various incumbent directly contracted and SLA organisations and will be staggered over a five month period.

### **Policy implications**

17. The procurement will fully deliver the “Fairer Future” promises commitment to the Southwark Ethical Care Charter (SECC) as set out in the Council Plan.
18. Care at home services will be used by the council to fulfil its statutory duties under the Care Act 2014. The act also requires the council to secure and promote a vibrant and diverse local care and support market.
19. The provision of care at home services will also support the Southwark Health and Wellbeing Board’s vision for integration.
20. Care at home also supports the on-going delivery of the council’s Future Vision for Adult Social Care Services and the Five Year Forward View agreed jointly between the council and Southwark Clinical Commissioning Group that commits both organisations to working together to support those living with disabilities or who are elderly and frail to continue to live independently within the community and avoid unnecessary care home or acute hospital admissions.

### **Tender process**

21. The council launched the procurement at a bidder’s event on 9 January 2017; with the Standard Questionnaire (SQ) stage (Formerly known as the Pre Qualification Questionnaire) this followed an OJEU notice that was placed along with details of the opportunity on the national contract finder and the council’s own website.
22. The SQ stage assessed the bidders’ experience in a number of mandatory areas as well as a short method statement relating to service areas that are pertinent to the service needs.

23. The SQ process also required bidders to have a minimum company turnover proportionate to the projected maximum contract value for each area and specific lot. Each organisation's set of accounts were reviewed to assess their financial viability and if they had any significant financial issues that may mean that they would be unable to fulfil their contractual requirements. There was also a requirement that bidders obtained suitable credit scores through the credit reference agency.
24. The lotting strategy set out in the tender documentation, stated that a single provider could hold a maximum of one contract in the north and one in the south, plus the extra care contract. This meant that the maximum number of different providers would be 10 with the minimum number five. Tenderers were also asked to rank preferences.
25. The lotting strategy required any bidder who was invited to bid for the larger contracts in Areas A, B and C to be automatically considered for the smaller contracts in area D. This meant that the top 25 scoring for areas A, B and C were automatically considered for the smaller contracts in area D. However they did not have to choose all 3 areas A - C and could either select one, two or three areas of their choice commensurate with their company turn over. The lotting strategy also provided scope for up to six Smaller Medium (sized) Enterprises (SME) with lower financial turn over to compete fairly against larger organisations for area D (lots 8 and 9). Similarly the strategy also indicated that tenderers could bid for extra care only, to provide an opportunity for RSLs who specialise only in this service to bid. The overall top five scores for this lot would be invited to tender.

**SQ in summary:**

- 113 organisations registered an interest in the procurement on the E-procurement system at SQ stage
- 47 Bidders submitted applications at the “SQ” stage. Out of the 47:
  - 3 micro companies (under 10 employees)
  - 10 small companies (10-50 employees)
  - 18 medium companies (50-300 employees)
  - 16 Large companies (300+ employees)
- 49 did not respond. For those that gave reasons they tended to be organisations that provided only specialist services to particular client groups (eg learning disability) or stated that the opportunity did not fit in with their business plans.

**ITT in summary:**

- 26 bidders were invited to tender. Feedback was given to those who were unsuccessful at this first stage of the process.
- Of the 26 shortlisted agencies who were invited to tender, 22 tenders were finally submitted. Clarifications were sought from the four who did not submit tenders. 3 confirmed they chose not to tender due to internal organisational reasons, and the other as a result of the set guide rate (see para 28 below).

**Tender evaluation**

26. The Care at Home Invitation To Tender (ITT) evaluation was in four stages:
  - Stage 1 – Initial screening assessment
  - Stage 2 – Price assessment for each lot
  - Stage 3 - Quality assessment/ method statement for each lot
  - Stage 4 - Ranking, cross checking references, finances and policies as required and recommendation for different contract lots.
27. Finance scores were based on a guide rate, through which the lowest eligible tendered price(s) within the guide rate was awarded the maximum 70% score, with subsequent lower scores being awarded relative to their proximity to the highest scored tender(s)
28. The council adopted a guide rate approach to ensure delivery of SECC home care in the borough, as the council has developed considerable knowledge over recent years in relation to the cost of delivering SECC compliant home care in Southwark. A minimum and maximum hourly rate was set for tenderers to bid against, which protected against unsustainable high or abnormally low bids that could affect quality levels or a companies ability to deliver the contract. The council reserved the right to exclude bids that fell outside that range.
29. Quality evaluation panels were made up of suitably qualified officers from across children and adults' department, other parts of the council, NHS, voluntary sector partners from the Consortium of Older People Services in Southwark (COPSINS) and service users with lived experience (coordinated in partnership with Healthwatch and Age UK Lewisham and Southwark). Training was provided for all evaluators.
30. In total there were 28 quality questions in the method statement for general care at home (lots 1-9). These covered 5 domains: workforce, user experience, service outcomes, partnerships and mobilisation. A further 4 questions were asked for tenderers who were short-listed for extra care and night owls. None of the recommended agencies failed on any aspect of the quality evaluation questions.
31. The council was expecting to award contracts to between 5 and 10 bidders in total based upon Most Economically Advantageous Tender (MEAT) principles. The recommendations set out in this report are in line with these objectives.
32. In order to achieve best value, contract recommendations for general care at home (lots 1-9) were allocated in rank order of A, C, B and then D (ie the highest value first, then the second and so on) The value of area C is lower than had been anticipated, which means that area A is the highest value contract and not C as indicated within the tender evaluation methodology. Given that London Care and Sage were ranked first and second respectively for both area A and C, and similarly expressed that these two areas were their first and second preferences; value for money allocation and expressed preferences of tenderers have both been accommodated
33. At the fourth stage of the evaluation process, references were thoroughly checked for the recommended tenderers, alongside final cross-checks of their financial viability (including parent company liability as appropriate) and CQC registration status, as well as revisiting and updating the financial checks conducted for these tenderers as SQ stage.

## **Plans for the transition from the old to the new contract**

34. A mobilisation plan has been developed covering the key aspects of the pre and post contract mobilisation. This takes account of the outcomes of the evaluation process with two of the three incumbent contracted SECC providers and a number of current SLA providers, not being recommended for contract award.

### **Mobilisation Work Programme**

<b>Work Stream</b>	<b>Objective</b>
<b>1. Governance and contractual requirements</b>	Ensure the process is managed well.
<b>2. Data cleansing</b>	Ensure reliable service user data is on Mosaic to ensure cost effective and safe transfer of service users.
<b>3. Electronic billing roll out</b>	Reduce transactional costs and improve quality monitoring through electronic billing linked to roster information in real time in terms of length of visits
<b>4. Communications</b>	Ensure effective communications with service users; internal/external stakeholders Foster the spirit of partnership within the local care networks involving local authority, NHS providers and the wider voluntary and community sector (alongside other Care at home providers)
<b>5. Service users reviews</b>	Continuity of care and best value over winter pressure period.
<b>6. Work force</b>	Continuity of care over winter pressure period through ensuring that there are sufficient numbers of trained care workers.
<b>7. Service user transfer</b>	Continuity of care over winter pressure period

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

35. The contracts will be monitored through existing staffing resources in the Performance and Quality Team. There is an expectation that partnership working between the care at home providers and the council social work teams; will ensure that quality can be overseen as a matter of ongoing operational work.
36. The Key Performance Indicators (KPI's) have been drawn up, based in part, on the lived experience of home care service users living in Southwark and the ongoing requirements of the council to support vulnerable people to remain at home (as opposed to care home and hospital bed based care). A number of the new KPIs have been shaped by the "I" statements (Appendix 1) embedded within the service specification(s).
37. The council will also be working with the providers during the term of the contracts to develop a "gain share" incentive, through which financial savings from increasing level of independence with a subsequent reduction of the level of care commissioned; can be shared between the provider and the council. The first year of the contracts will be used as a means of establishing baseline

performance with the providers, which will then be used to identify potential gain shares for subsequent contract years.

38. The questions asked by providers in their annual user satisfaction survey will also be changed as a result of the input from local service users and Healthwatch, to ensure questions are more responsive to local service users' experience.
39. A 6 monthly contract monitoring report will be taken to DCRB and an annual contract monitoring report will be taken to CCRB within 6 months of the anniversary of the contracts.

### **Identified risks for the new contracts**

40. A number of risks have been identified and are set out in the table below:

<b>Risk</b>	<b>Status</b>	<b>Details</b>	<b>Mitigation</b>
Unsuccessful Mobilisation	Medium	Challenges transferring staff and clients to new providers, including TUPE transfer and recruitment drives for new workers, alongside opening of new branch offices etc.	A mobilisation team is in place prior to the contract award. Mobilisation planning started over the summer and will be completed by April 2018. This includes for example promoting care worker job opportunities in the autumn edition of Southwark Life magazine and general communication messages to all tenders prior to the cabinet date. The council will be formally meeting the successful tenders the day after the October Cabinet to ensure a timely mobilisation.
Financial Sustainability of the contracts	Low	Given the financial challenges will the council be able to afford these contracts moving forward?	The council has made provision for the contract awards in this year's budget following the allocation of specific funds for this purpose through the "Improved Better Care Fund" The guide rate approach has proven highly effective as a means of delivering value for money. The council is currently undertaking a comprehensive review programme of service user needs to ensure that only statutory need is being addressed. The mobilisation plan will also focus upon joint assessments by a qualified social worker

<b>Risk</b>	<b>Status</b>	<b>Details</b>	<b>Mitigation</b>
			and OT of high cost double handed care packages in particular, to ensure that the correct level of care hours and needs are transferred.
Provider financial failure	Low	Providers may fail in the future	Financial organisational checks were undertaken and the lotting strategy means that there will be cover from other providers if one agency is having difficulties in each area within both respective LCNs.
Legal challenge of the process	Low	Unsuccessful bidders challenge the process and outcome.	Robust procurement rules have been applied throughout with contract award recommendations being followed by a process of due diligence.
Reputational – local businesses being unsuccessful	Low	Ensuring that the tender methodology did not automatically rule out SME organisations as they have a lower turn over or particular considerations pertinent to smaller organisations were not taken in due regard.	Engagement took place with the local market prior to advert, including one early session specifically aimed at SME and SLA providers to take on board views and particular concerns. The procurement process itself was clear and transparent with comprehensive guidance. Bidders and tenderers meetings were held. The lotting strategy also provided scope for SMEs with lower company turn over to bid for area D contracts. (please also see appendix 2 Community Impact Assessment )

### **Community impact statement**

41. Southwark is an extremely diverse borough and this applies both to users of adult social care, the general population and its care workforce. It is believed that the procurement will have an overall positive impact in relation to the following areas covered by the councils' equality agenda: Race, Gender, Age, Disability, Faith and Religion, Sexuality, Gender re assignment, Marriage and Civil Partnership and finally Child Care and Pregnancy. Further details are set out in appendix 2 of this report.

### **Social Value considerations**

42. The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including how procurement such as this 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.

### **Economic considerations**

43. As set out in the community impact assessment (above) the workforce tends to live in Southwark and the award of the contract will continue to support the local economy. This is because the SLA workforce will now universally be receiving the London Living Wage (LLW). According to information supplied to the council by existing home care suppliers (in the context of TUPE liability) as of March 2016; 729 care staff were deployed to cover the contracts that may be subject to TUPE. There are a further group of home care workers who work with SLA providers who may not be subject to TUPE (As less than 50% of their current work is with Southwark clients). Where TUPE does not apply, the new care at home providers will be required to recruit new staff to ensure that they have a sufficiently sized work force. So there will be another cohort of predominately Southwark residents, who will have opportunities to take up a career in care over the coming months.

### **Social considerations**

44. The council is an officially accredited London Living Wage Employer and is committed to ensuring that, where appropriate, our contractors and subcontractors pay staff at a minimum rate equivalent to the LLW rate. The Gateway 1 report approved by the March 2015 Cabinet, confirmed, for the reasons stated in that report, payment of LLW was an appropriate and best value requirement for this contract. The proposed contractors will therefore meet the LLW requirements. Following award, quality improvements and costs implications linked to the payment of LLW will be monitored as part of the contract review process.
45. Tenderers were evaluated on their approach to recruiting and employing apprentices. It is a contractual requirement for each agency to employ one apprentice p.a. per £1m worth of contract value, which means that each year approximately 15-19 apprenticeships opportunities will arise. Therefore further improving employment prospects in the sector.

### **Environmental/Sustainability considerations**

46. Bidders were assessed at SQ stage in relation to environmental factors, and all those invited to tender demonstrated that their policies and practice in this area was acceptable.
47. The geographically aligned contracts will minimise long travel times and encourage effective roster planning to support walking or cycling between visits, rather than the use of cars.
48. By paying the LLW the contract awards will create sustainability within the workforce.

### **Market considerations**

49. The market for home care is characterised by large national, regional providers and smaller local organisations. There was considerable interest from the market in the pre-tender engagement and several open meetings held prior to the procurement being advertised, for current and potential providers. (Please see community impact statement above).
50. The council actively encouraged smaller organisations by providing an opportunity to bid for the lower value contracts for lots 8 and 9. As such the evaluation methodology at the SQ stage stated that smaller sized bidders could elect only to be considered for this area and that a number would be put through to ITT stage.
51. The six top scoring SME organisations were invited to tender for area D at SQ stage in line with the lotting strategy. However none of these scored sufficiently highly to be recommended for award. The council will offer these organisations comprehensive feed back in relation to their tender, in order to allow them to build up their expertise for future opportunities. There is also scope for such organisations to develop their portfolio in supporting people who take up a direct payment as well as supporting self funders in the borough.

### **Staffing implications**

52. The procurement was carried out within existing commissioning staffing structures and likewise the management of the contracts moving forward. Resources have been allocated for a dedicated mobilisation team to ensure the safe mobilisation of the contract.

### **Financial implications**

53. The total estimated annual value of these contracts based upon levels of activity is approximately £21.302m p.a. Please note that this is an estimated value, since the contracts are paid on an activity basis, on actual hours required to meet the homecare needs of adult social care service users as assessed against national Care Act eligibility criteria. The total homecare budget available for 2017-18 is £23.2m. This includes Better Care Fund funding of £1.3m and Improved BCF funding of £5.3m, which were agreed by the Health and Wellbeing Board on 11/9/17 as part of the 2017-19 Better Care Fund Plan. The contracted homecare costs for future years will be subject to annual changes in London Living Wage, and related employer's National Insurance and pension costs.

### **Legal implications**

54. Please see concurrent from the Director of Law and Democracy below.

### **Consultation**

55. Given the strategic relevance of this service there was considerable engagement and consultation to inform both the services specifications and the evaluation methodology, as summarised below.
  - **Social care staff** – a number of work shops were held for adult social care staff in order that the needs of the service were fully developed. Operational

- staff were involved in the developing the service requirements and specifications as well as evaluating tenders.
- **NHS partners** Work shops were also held for NHS nursing and therapy staff as part of early engagement. Local Care Networks members were then consulted and actively engaged in the development of the specification and co designed relevant documentation (Such as a medication protocol) and were also involved in the tender evaluation.
- **Service users** – The council worked with Healthwatch and Age UK to identify a panel of service users with lived experience of home care, who over a two year period developed a group of “I” statements “about me and my home care” (See appendix 2) Separate engagement events were also held at Lew Evans and Lime Tree House extra care schemes, as due to the frailty of the residents their attendance at the ongoing user panel was not viable.
- **Care Workers** The SECC identifies the need to recognise front line home care staff and be treated with respect as the professionals they are. In order to follow through this commitment, an engagement event was held for local home care workers in order for them to speak from their own experience (not as representatives of their employer organisation)
- **Voluntary Sector** - A number of engagement events were held involving the voluntary sector, through either the Older People Partnership Board or Healthwatch. Representatives from voluntary sector partners were also involved in the evaluation of bids.

## SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

### **Strategic Director of Finance and Governance (FC17/066)**

56. The strategic director of finance and governance notes the recommendations in this report for the award of care at home contracts. These will affect financial years from 2017-18 to 2022-23. Home care costs are a substantial element of the overall costs of the adult social care function for the council, which itself is a major element of the council’s general fund budget.

### **Head of Procurement**

57. This report seeks the approval of cabinet to award the contract for Care at Home over ten lots as laid out in paragraph 2, for a period of five years commencing 4 December 2017 for lots 1-9 and from 1 March 2018 for lots 10, with the capability to extend for a further two years, and at an estimated value of £149.12 million.
58. The report also asks that cabinet note the change in the agreed evaluation methodology as laid out in paragraph 1.
59. Paragraph 34 details the mobilisation plan that will be put in place to manage the transition from the old contract.
60. Paragraphs 21 through 33 highlight the tender process that was undertaken in order to award this contract, as well as the evaluation criteria applied at each stage of the tender.

61. The report confirms the requirement for all awarded bidders to comply with Southwark's requirements around the payment of London Living Wage (LLW) and the employment of apprentices.

#### **Director of Law and Democracy**

62. This report seeks the cabinet's approval to the award of ten home care contracts as further detailed in paragraph 2. As the value of the contracts to be awarded is of a level to be a strategic procurement, then the decision to award is reserved to the cabinet.
63. The contracts were procured in accordance with the Public Contract Regulations 2015 (PCR15), and whilst only subject to the 'Light Touch' requirements of those Regulations (being a Schedule 3 'social and other specific services'), were required to be advertised through the Official Journal of the European Union. As noted in paragraph 21, an advert was placed through OJEU in January 2017. The council's criteria for award of these contracts were on the basis of the most economically advantageous tender, using the criteria noted in the evaluation methodology. Whilst bidders were permitted to apply for all contracts, the council's lotting strategy restricted award to one contract in the north, one in the south and the extra care contract. The outcome of the evaluation process and award of the 10 contracts to 5 contractors is in accordance with the evaluation methodology set out in the tender documents. As noted in paragraph 1, the cost/quality weighting for this procurement was amended prior to tenders being sought.
64. The cabinet's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, and when making decisions to have regard to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) to advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, relation, religion or belief, sex and sexual orientation. The duty also applies to marriage and civil partnership but only in relation to (a). The cabinet is specifically referred to the community impact statement at paragraph 41 and appendix 2, setting out the consideration that has been given to equalities issues which should be considered when approving these awards. The cabinet is also referred to paragraph 55 which sets out the consultation that has taken place. The cabinet should take into account the outcome of that consultation when approving these awards.
65. Contract standing order 2.3 requires that no steps should be taken to award a contract unless the expenditure involved has been approved. Paragraph 53 confirms the financial implications of this award.

## BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 report	Partnership Team	Commissioning 020 7525 3130
<b>Link: (copy and paste into browser)</b> <a href="http://moderngov.southwark.gov.uk/documents/s52527/Report%20Gateway%201%20Home%20Care%20Procurement%20Strategy.pdf">http://moderngov.southwark.gov.uk/documents/s52527/Report%20Gateway%201%20Home%20Care%20Procurement%20Strategy.pdf</a>		
<b>Southwark Ethical Care Charter</b>		
Southwark Ethical Care Charter	Partnership Team	Commissioning 020 7525 3130
<b>Link: (copy and paste into browser)</b> <a href="http://moderngov.southwark.gov.uk/documents/s58081/Southwark%20Ethical%20Care%20Charter.pdf">http://moderngov.southwark.gov.uk/documents/s58081/Southwark%20Ethical%20Care%20Charter.pdf</a>		

## APPENDICES

No	Title
Appendix 1	Southwark Care at Home "I" Statements
Appendix 2	Impact Assessment

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Richard Livingstone, Adult Care and Financial Inclusion
<b>Lead Officer</b>	David Quirke-Thornton, Strategic Director Of Children and Adults'
<b>Report Author</b>	Andy Loxton, Head of Older People and Complex Needs
<b>Version</b>	Final
<b>Dated</b>	20 October 2017
<b>Key Decision?</b>	Yes

## CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER

Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	20 October 2017	