

Item No.	Classification: Open	Date: 4 th November 2003	MEETING NAME EXECUTIVE
Report title:		Re-tendering of Cost and Volume Home care services	
Ward(s) or groups affected:		ALL	
From:		Strategic Director of Social Services	

RECOMMENDATION(S)

1. That the Executive agrees that contracts are awarded to the organisations (see paragraph 31 and 32) that have successfully completed the re-tendering of cost and volume Home care services.
2. That the Executive confirms the authority of the Strategic Director of Social Services to finalise the detail of the contracts with the successful tenderers and agrees an exemption from Contract Standing Order requirements to allow the existing upper limit on the value of individual orders placed under Schedule of Rates contracts to be increased.

BACKGROUND INFORMATION

3. Home care services in Southwark have traditionally been provided through a range of commissioning options which include block, cost and volume and spot contracts (see Appendix B for detail of contract types). The current cost and volume Home care contracts were awarded to two agencies in 1998. However, the Home care market has undergone considerable growth since this time and the market has changed.
4. An underpinning objective is that re-tendered services will meet individual service user's needs in such a way that they are empowered and encouraged to remain in their own homes for as long as they wish, and to support hospital discharge, palliative care and community support services for all service user groups.
5. In addition, the process has focused on the Council's aim of building partnerships with organisations who can help to achieve this vision and develop quality services to meet the needs of current, and future, service users.
6. This report sets out to inform the Executive of the outcomes from the cost and volume home care re-tendering process. It is proposed that the new contracts will be awarded in November 2003. The transition process will commence on contract award and be completed by April 2004. The contracts will run for 3 years with an option to extend for a further two years.

KEY ISSUES FOR CONSIDERATION

THE RE-TENDER

Strategy

7. The strategy to deliver a modern Home care services has focused on four key areas:
 - Developing the market
 - Integrated multi-agency commissioning
 - Empowering Service Users
 - Simplifying Pricing Structures

Developing the Market

8. The home care market in Southwark has been working along traditional service lines for a long period of time and it has been difficult for new providers to break into the market and develop formal relationships with the Council. Since the last contracts were let in 1998 the market has undergone great change and is now a vibrant developing marketplace. Early consultation indicated that care management staff were using a high level of spot purchase agreements to enable them to provide the flexible service that is needed in modern social re-provision.
9. The re-tendering strategy therefore focused on growing the local market and stimulating a healthy but competitive edge between providers by commissioning very low contract volumes; thus allowing new agencies to enter the market - stimulating competition and enabling the better service providers to be awarded the additional business that will become available.

Integrated multi-agency commissioning

10. The new home care contracts have moved away from the traditional Home care services and have been commissioned by both the Social Services Department (SSD) and the Primary Care Trust (PCT) to provide a wide range of services to all client groups including:
 - Home care: support and empowerment
 - Hospital discharge
 - Palliative care
 - Night care
 - Dementia services
 - Community support
11. Throughout the process we have consulted and engaged staff from across the Department and from within the PCT to ensure ownership of both process and contracts.
12. The new shape of services being commissioned will change both our micro commissioning processes and the delivery by our providers. Contracts will be outcome based and let using the PCT's four localities as a framework.

Empowering Service Users

13. Outcome focused assessments will empower care providers and service users to decide how and when services are delivered and enable care managers to focus on need rather than task. This service provision reflects national and local agendas. (see Appendix C for information on the national and local policy framework).

Simplifying Pricing Structures

14. Traditional pricing structures for home care services provide a menu of costs that cover Bank Holidays, weekends and unsocial hours. These menus are complex and unwieldy to use and can result in increased costs for a care package if required outside 'normal' hours. Our pricing strategy has been simplified to two bands based on hourly units: reflecting services requiring 5 hours and above (more intensive and complex cases) and services requiring less than 5 hours.

The Evaluation Process

Key issues for the evaluation model

15. In preparing for the re-tendering of contracts some key issues emerged. They included the need to:
 - Deliver outcome focused services in line with national guidance
 - Establish flexible, service user driven services
 - Develop partnership arrangements, in line with Council policy
 - Support and inform Best Value and service improvements through robust performance management
 - Introduce formal contracting arrangements with existing spot agencies
 - Support strategic and local planning with comprehensive and accurate data and IT systems.
16. The commissioning model was developed in line with the requirements of the specification and in consultation with all members of the Tender Evaluation Team (see paragraph 18).
17. The model has three key components
 - individual assessment of bidder's outline proposals against the evaluation model the Pre-Qualifying Questionnaire (PQQ). The PQQ is a commissioning tool designed to test and evaluate provider ability to deliver innovative and flexible services.
 - bidders presentations and question and answer sessions.
 - group assessment of outline proposals against the evaluation model and agreement with respect to the overall scores for each bidder.
18. In line with Standing Order requirements, expressions of interest were invited through advertisements in the South London Press and Community Care (April 2003). A Tender Evaluation Team guided the process and comprised representatives from:
 - Older People Teams
 - Children's Services
 - Learning Disabilities Services
 - Physical Disabilities Services

- Commissioning Unit (Social Services)
- 2 service user representatives.

Pre-qualifying questionnaire

19. 100 expressions of interest were received, and respondents were asked to complete the PQQ.
20. The PQQ was made up of four parts and each part comprised a total number of points that could be 'scored':

Part 1- Commercial: this part required presentation of two years of signed operating accounts. Officers in Central Procurement assessed these accounts. Failure to provide two years accounts resulted in immediate exclusion from the tender process. Small businesses were enabled to take part in the process through the low contract volumes offered – thereby lowering the financial thresholds required to pass this section.

Part 2 – Operational: questions were used to gather information on the general and specific experience in delivering relevant services

Part 3 – Case Studies: organisations completed a series of scenarios that may occur and asked to detail responses. Responses were then used to inform the evaluation process. This was found to be particularly effective in identifying an organisation's understanding of legislative requirements and ability to demonstrate a service user focused approach.

Part 4 – Policies and Procedures: organisations were required to provide the Council with current Policies and Procedures.

PQQ Evaluation and scoring

21. The Evaluation Panel was asked to score against the criteria individually and then agree on a group score for Parts 2 and 3. Part 1 was pass or fail. Part 4 was marked but the marks did not contribute to the overall score.
22. Scores were based on a PAGE system – Poor, Average, Good, Excellent. Each category carried a set score: Poor = 0, Average = 2, Good = 4 and Excellent =6.
23. In order to assess ability to respond to key issues, some weighted questions were included in Part 2 (Operational). They covered:
 - Experience of providing services in the same field
 - How risk assessment would be managed
 - Incorporating quality and cost effectiveness into delivery of services
 - What outcome measures would be included to indicate a successfully delivered service
 - How adult abuse would be addressed.
24. These weighted questions carried double points ie Poor = 0, Average = 4, Good = 8 and Excellent = 12 points.

25. Council Departments assessed the policy/procedure documents (eg Human Resources, Health and Safety, Finance Department, Training and Development). Officers in the Central Procurement Unit assessed financial information and case studies were evaluated by the appropriate care management team eg mental health, older people, learning disabilities, children and families.
26. Organisations had to achieve a combined score of 500 for Parts 2-4 to be invited to Tender. Failure to achieve this score resulted in exclusion from the next stage of the process ie being invited to submit a bid. Feedback was offered and taken up by five organisations, with one organisation requesting a formal meeting. Following submission of bids, organisations were then invited to interview.

Responses to PQQ & Invitation to tender

27. 54 organisations returned completed PQQ's. Of these, 25 attained the required score (500) and were invited to submit tenders. These organisations were then sent tender packs (31 July 2003).
28. 22 returned submissions (9th September 2003) and following tender evaluation and interview, 16 organisations are recommended to deliver the required range of home care services in the borough. Of those recommended, it is intended to place conditions on the award to three providers. These were overall acceptable in that they passed the PQQ stage and performed well at interview, but require support to develop some aspects of organisational capacity. Social Services are committed to supporting the development of these organisations for the benefit of the service.

Interviews

29. Members of the tender evaluation team, other representatives from the Council and the PCT formed interview panels. All 22 organisations were interviewed over one week and 16 organisations were chosen.
30. Interviews comprised two parts – standard questions, and questions about identified weaknesses in the PQQs.

Recommended organisations identified for detailed discussions

31. The organisations that have passed all stages of the evaluation and are recommended for delivery of home care services in Southwark are listed below. The closed report details the tendered prices per organisation by hour band and according to the contract areas (based on the four PCT localities) covered by the bid.

Organisation Name	PQQ ranking (out of 22)
The Federation of Voluntary Sector Care Providers	1 st
AG Care	2 nd
Care UK Homecare	3 rd
Plan Personnel	4 th
Goldsborough	5 th
Allied Healthcare	6 th

Carewatch Lewisham	7 th
Blue Arrow Nursing Care	8 th
Brook Street (UK) Ltd	9 th
Choices IL & CSS	13 th
London Care PLC	15 th
Enara Community Care	18 th
HfH Homecare	19 th

32. There were three organisations that passed the PQQ stage and performed well at interview, however they require support to develop some aspects of organisational capacity. We are committed to supporting the development of these organisations and propose to offer them conditional contracts. These organisations' tendered prices are also listed in the closed report.

Organisation Name	PQQ ranking (out of 22)
First Choice Social Care & Housing Ltd	10 th
Wyccare Services	17 th
Somali Carers Project	20 th

Services Delivered

33. The target service user groups for home care services include the Council's most vulnerable service users, presenting wide-ranging and varying needs from simple practical help to complex personal support. Services will be delivered to the following service users:

Older People

34. Approximately 1500 older people receive over 12,000 hours of home care per week. A variety of services are to be provided ranging from practical care (eg cleaning and laundry) through to complex personal support, including for service users with complex conditions such as dementia. Services will be flexible, led by service user needs and will be delivered in such a way that promotes independence and supports individuals.

Adults with Physical and Sensory Disabilities

35. Approximately 3,600 hours per week of home care are provided for 430 service users. It is essential that services to adults with physical and sensory disabilities are delivered in a way that facilitates and enables service users to achieve individual goals and supports their independence.

Adults with Learning Disabilities

36. Over 800 hours of home care is provided for approximately 90 service users each week. The service delivered will be flexible, consistent, user led and informed by their needs.

Children with Disabilities

37. There has been a significant increase in the number of children with disabilities living at home. Support to these children, and their families, is vital in contributing to the development and life opportunities of children with disabilities.

Night Care

38. The Night Care service provides waking night support for a specified period for those service users who otherwise may be admitted to hospital or a care home due to risk at night. Provider agencies will be expected to:
- undertake a risk assessment and prepare a management plan for service users, e.g. this could include how they will manage at home after a fall
 - work to build confidence with relatives and users of the scheme
 - support reduction of delayed discharge from hospital and admissions to residential homes through meeting a new target for 2003/2004 of providing night care services to an additional 10 service users at any time in the year.

Hospital Discharge Service

39. The Hospital Discharge Service arranges packages of care lasting up to six weeks on discharge from hospital. All packages must be focused on supporting and enabling service users and be delivered in conjunction with the appropriate therapy services (such as occupational, or physiotherapy). Together with other relevant agencies, all existing packages of care must be reviewed when a patient is discharged from hospital.

Consultation

40. The re-tendering of home care services has been based on a combination of informal and formal service user feedback. The aim is to establish services that are informed by service user need, and are flexible to those needs. Residents have clearly stated through previous consultation that they wished to see improved services to older people, people with learning, physical and sensory disabilities and to children.
41. Wide-scale consultation has been undertaken, and care management teams and health care professionals have been engaged in the tendering process. The Tender Evaluation Team included representation from older people's services, children's services, as well as from services for people with learning disabilities and people with physical disabilities. The panel also included representatives from two service user groups.

Contract Issues

42. The value of individual contracts will vary according to the range of services to be provided and as negotiated with each organisation. However, prices will be based on tendered costs. The contracts will be awarded on an initial volume of 20,000 hours per year for each provider, with the opportunity for growth based on each organisation's performance and the total number of hours available.
43. The majority of individual care packages will fall below the £45,000 Schedule of Rates threshold. However, given the complexity and cost of the Hospital Discharge and Palliative care packages that will be commissioned, there may be some high dependency packages that will exceed this threshold (maximum estimated value £65,000). For this reason, this report seeks to increase the upper limit for individually placed orders for Schedule of Rates contracts from £45,000 to £65,000 so that Delegated Item reports or indeed further Executive reports are not necessary for individual service-user care packages.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Borough Solicitor & Secretary

44. The Council has powers to provide home care services. Section 29 of the National Assistance Act, 1948 lists, in general terms, the range of care services that Local Authorities are empowered to provide. In addition, Section 2 of the Chronically Sick and Disabled Persons Act 1970 sets out the home care services, including domestic help, that Authorities are under a duty to provide.
45. The users of home care services have a range of needs arising from a variety of circumstances and disabilities. Each service user's needs are assessed in accordance with the purchaser's arrangements under the National Health Service and Community Care Act 1990 and the Children Act 1989. In 2002, the Council reviewed eligibility criteria and all service users are assessed for a range of identified needs against one of four priority bands – low, moderate, significant or critical.
46. Services delivered to children and their families must be delivered to meet the highest child protection standards. They must be informed by government guidance 'Working Together to Safeguard Children' which sets out how all agencies and professionals should work together to promote children's welfare and protect them from abuse and neglect.
47. The Council's minimum requirement for providers of home care is that they meet the requirements of the Care Standards Act 2000 as reflected through the National Minimum Standards and Regulations for home care published by the Department of Health 2003 (including all associated legislative frameworks, requirements, policies and documentation). Services delivered will need to incorporate the principles of best value, philosophy of National Service Frameworks Whole System Approach and best practice of other authorities.
48. The contracts which it is proposed to award are contracts for the provision of a service. While the amounts of money to be spent would usually mean that full EU procurement requirements apply, because of the nature of the services, only a limited amount of the requirements apply and therefore it has not been necessary for a contract notice to be published in the Official Journal of the European Communities. Those relevant requirements have been complied with in the tendering of these contracts.
49. Council's Contract Standing Orders have been complied with in the procedure adopted for this contract. Executive is now asked to consider award of the contract to the recommended tenderers. The Report indicates that tendered prices are based on a schedule of rates which reflect the complexity of the services which may be required. Under Contract Standing Orders, no individual order which is likely to exceed £45,000 will be placed under a Schedule of Rates contract; instead, a fresh tendering exercise will take place. However, in view of the structure of the contracts to reflect the objectives mentioned in paragraphs 4 and 5, it is likely that the cost of certain individual packages of care could, from time to time exceed £45,000, and therefore the Borough Solicitor & Secretary is satisfied that it would be appropriate for an exemption from the CSO requirement to be granted for these purposes.

Chief Finance Officer: Financial Implications – (Ref: FI/AT/658)

50. The budget covering Older People, Physical and Learning Disabilities, Hospital Discharge and Palliative care totals £7m in 2003/04 and has been included within the 2004/05 budget at this level plus inflation. Part of this budget comes from PCT. The minimum value of contracts that the budget would need to cover would be £3.4m. This minimum contract value is based on a minimum guaranteed level of hours of 20,000 per annum per provider, as described in paragraph 42. Therefore the total available budget is able to sustain the minimum contracted hours. Joint commissioning arrangements are being determined.
51. The process for managing the transfer of service users from current providers to the new contractors will be managed by the newly agreed Brokers in five of the community teams and supported by the commissioning units. The necessary resources for these posts are funded through grant monies.
52. The new arrangement for Cost and Volume Homecare provision would enable better performance monitoring and budgetary control processes. Business Unit managers, under normal budgetary control procedures, would still be responsible for managing the additional provision of homecare, above and beyond the minimum contracted hours, within the cash limited budget of £7m, to maximize service provision.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Home care services Contract 01/03 Tender Documents	Commissioning Unit, Social services, 3 rd Floor, Mabel Goldwin House, 49 Grange Walk, London SE1 3DY	Peta Smith Tel:x53629
Home Care Contract Pre-qualifying Pack	Commissioning Unit, Social services, 3 rd Floor, Mabel Goldwin House, 49 Grange Walk, London SE1 3DY	Peta Smith x53629

APPENDIX A

Audit Trail

Lead Officer	Rod Craig Interim Senior Manager – Adults Services	
Report Author	Pat Foreman – Commissioning Manager	
Version	Final	
Dated	27th October 2003	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	Yes	Yes
Chief Finance Officer	Yes	Yes
Executive Member	Yes	No
Date final report sent to Constitutional Support Services	27.10.03	

APPENDIX B

Home care services Contract Types

Three contract 'types' have been traditionally used in the London Borough of Southwark for provision of Home care services, they are¹:

Spot Contracts

An individual arrangement made between Care Managers and a provider agency for a specified care package of home care for a service user. The prices paid for these contracts should reflect those agreed through the approved list.

Block Contracts

Organisations are contracted to provide a service to a specified level for an agreed fee. The ideal should be that Care Managers use block contracts for care purchase before moving to spot purchasing as an option.

Cost and volume

The Council has three large cost and volume Home care contracts, which are reaching the end of their contract term and require re-tendering. In addition to these contracts it is estimated that some 40% of Home care services for older people, for example, are delivered through spot care arrangements. A separate review has recommended that spot arrangements for older people be moved to a more formal contract arrangement in order to support better value for service users and the Council.

¹ Source: Contract Guidance, LB Southwark 1995

APPENDIX C

Policy Framework

National Minimum Standards

The Department of Health National Minimum Standards (NMS) for Domiciliary Care services provides a policy framework and guidance for delivery of outcome focused services. It details targets that are expected to guide delivery of services.

Services in Southwark will be expected to conform to the NMS outcomes of:

Promotion of independence

Service users assisted to make their own decisions and control their own lives and supported in maintaining their independence.

Outcome focused care plans

Clear agreement between the service user, the provider organisation and the care manager as to the objectives of the care plan and how these will be achieved.

User driven care

Service users receive a flexible, consistent and reliable service, based on their needs and preferences, and a service that responds appropriately to changes in their needs.

Council Policy

The strategy adopted supports delivery of some of the key priorities for the Council. Through improving home care services for the most vulnerable service users they support:

- achievement of delivering more flexible services through partnership arrangements, and designed to meet service user needs and priorities, rather than those of the delivering agency
- the Council's social inclusion policies, in particular those set out in the community strategy to take action to promote social inclusion through providing on-going support to those who, for reasons of age, ill-health or disability cannot work
- responding to resident consultation. Older residents identified need for more responsive health and social care services, improved access to services and more involvement in the planning, and provision of services. Recommendations for future delivery of services would support achievement of these targets. In particular residents have stated that they would like people with disabilities and people with learning disabilities to receive support so as to remain in their own homes and, consequently, reduce reliance on long-term residential care.