

Item No.	Classification: Open	Date: 19 July 2016	For Approval: Cabinet Member for Adult Care and Financial Inclusion
Report title:		Gateway 2: Contract Award Approval - Home care contract award to Mi Homecare	
Ward(s) or groups affected:		All	
From:		Strategic Director of Children's and Adults Services	

RECOMMENDATION

1. That the Cabinet Member for Adult Care and Financial Inclusion approve the contract award, following a single supplier negotiation for home care services, to Mi Homecare. The projected contract value for period of 12 months from 1 August 2016 to 31 July 2017 is £ 5,300,000.

BACKGROUND INFORMATION

2. In May 2016 the Cabinet Member for Adult Social Care and Financial Inclusion approved a single supplier procurement strategy to negotiate a one year contract with Mi Homecare, one of the two main suppliers of home care services for Southwark Council. This was required in order to complete a procurement exercise to reduce the use of spot contacting arrangements and to ensure that all home care commissioned by the council will be fully compliant with the Southwark Ethical Care Charter (SECC).
3. MI Homecare have been contracted as suppliers of home care services for Southwark Council since July 2011. In November 2014, through negotiation, the Council and Mi Home care agreed to vary the contract to ensure full SECC compliance.
4. As the level of spend on the contract had increased beyond what was originally projected the Leader of the Council exercised his executive scheme of delegation powers to delegate the decision on the gateway 1 award to the cabinet member for adult care and financial exclusion:

<http://moderngov.southwark.gov.uk/mgIssueHistoryHome.aspx?IId=50010142&Opt=0>.

5. The Leader of the Council has also used his executive scheme of delegation to delegate the decision on the Gateway 2 contract award to the Cabinet Member for Adult Social Care and Financial Inclusion.

Procurement project plan

6. The following procurement timeline was followed for the single supplier negotiation.

Activity	Complete by:
Forward Plan for Gateway 2 decision	16/03/16
CAB/ DCRB Review Gateway 1:	24/02/2016
CCRB Review Gateway 1:	03/03/2016
CMT Review Gateway 1:(if applicable)	NA
Approval of Gateway 1: Procurement strategy report	12/05/2016
Issue Notice of Intention (Applies to Housing Section 20 Leaseholder consultation only)	NA
Completion of tender documentation	12/05/2016
Notification of implementation of Gateway 1 decision	12/05/2016
End of scrutiny Call-in period and notification of implementation of Gateway 1 decision	19/05/2015
Publication of OJEU Notice	NA
Publication of Opportunity on Contracts Finder	NA
Single supplier negotiations start	20/05/2016
Completion of single supplier negotiations clarification meetings/presentations/evaluation interviews etc	27/05/2016
Forward Plan (if GW2 is key decision)	16/03/2016
DCRB/CAB Review Gateway 2: Contract award report	15/06/2016
CCRB Review Gateway 2: Contract award report	07/07/2016
CMT Review Gateway 2: Contract award report (if applicable)	NA
Notification of implementation of Gateway 2 decision	15/07/2016
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	22/07/2016
Contract award	27/07/2016
Add to Contract Register	28/07/2016
TUPE Consultation period (if applicable)	NA
Place award notice in Official Journal of European (OJEU)	27/07/2016
Place award notice on Contracts Finder	NA
Contract start (Mi Home care)	01/08/2016
Initial Contract completion date	31/08/2017

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

7. The single supplier procurement exercise has resulted in the following outcomes for the council:
 - The continuation of fully SECC compliant home care service provided by Mi Homecare.
 - Read only access by the Council to staff monitoring information used by the provider, in order for the Council to better quality assure the home care purchased (particularly for monitoring care workers punctuality; ensuring they remain for the whole of the time charged by the provider; and that two carers are present to provide “double handed care” when expressly commissioned to do so).
 - Piloting a more cost-effective way of invoice payments. This may reduce transactional costs in the long term.

Key decision

8. This report deals with a key decision.

Policy implications

9. Home care services are used by the Council to meet its statutory duties under the Care Act 2014, including the duty to secure and promote a vibrant and diverse local care and support market.
10. It also supports the on-going delivery of the Councils Vision for Adult Social Care Services, agreed by Cabinet.
11. The provision of home care services supports the Southwark Health and Wellbeing Board’s vision for integration and the Council’s Fairer Future Promises, specifically its commitment to implementing the Southwark Ethical Care Charter (SECC).

Tender process

12. The Council adopted a single supplier negotiation to procure this contract. As this is a key strategic contract for the Council that had been formally varied to incorporate the SECC requirements in 2014, the Council had a significant knowledge in relation to the providers’ delivery model as well as the pricing structure required to deliver a SECC compliant quality home care service.
13. The Council has checked the financial viability of Mi Homecare, and consider that they are sufficiently financially robust to deliver a further contract of this size and scope within the agreed terms.

Tender evaluation

14. The unit costs submitted by Mi Homecare were scrutinized by senior officers from finance and commissioning, with a number of clarifications taking place before an in principal agreement was reached.

Plans for the transition from the old to the new contract

15. The scope, scale of the service, specific clients and size of workforce required remains the same. Mobilisation for the new contract is minimal.
16. A new set of contract documents will be drawn up, as well training for the council contract staff to use the call monitoring system.

Plans for monitoring and management of the contract

17. The contract will continue to be closely monitored by the council's performance team within commissioning, who will be able to have read only access to Mi Home care's electronic call monitoring system.

Identified risks for the new contract

18. Risks associated with this contract award are set out below

	Risk	Risk Level	Mitigating Action
1.	The Provider is not able to continue to deliver the service required by the council	Low	Mi Homecare has a satisfactory approach to partnership working that allows any issues the council identifies to be addressed.
2.	Other home care providers may instigate a legal challenge on the basis that they were not able to tender for this work	Low	The council will not show any preferential consideration to the agency through the procurement exercise as a result of this temporary contract award. This is a short term contract and the market is aware that the council will soon be instigating a wider open procurement exercise. Therefore the likelihood of challenge in this area is minimal.

Community impact statement

19. 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 below.
20. The demographics of people receiving social care delivered by the council in Southwark in March 2015 can be summarised as follows:
 - Of 4,600 adult who receive care, approximately 64% are older people; with the other people receiving care have needs in relation to learning disabilities, mental health problems or physical disabilities.

- Amongst the older people cohort, 65% are women. This is linked to longer life expectancy, and that needs for home care increase with much older people.
- Approximately 37% of the older people cohort are from Black and Minority Ethnic (BME) groups. This being disproportionately higher than the actual proportion of older people from BME communities in the borough.

21. Any changes that impact on the care services delivered will have an impact on all adult social care client groups, though it should be noted that older people represent the largest group of service users.

22. The new contract will continue to require the providers to pay staff London Living Wage and adhere to the SECC.

Sustainability and economic considerations

23. There were 322 people directly employed to deliver the Southwark Mi Homecare contract in May 2016. The majority of the workforce live locally. The award of the contract will continue to support the local economy.

Social considerations

24. The provider has a track-record of providing acceptable employment to local people.

Environmental considerations

25. Mi Homecare maintains acceptable environmental policies and practices.

Market considerations

26. The market for home care services is large, made up of national (and international), regional and local providers. The majority of providers are private organisations and a relatively low number of small, often specialist not-for-profit providers. It is very rare for voluntary providers to bid for very large generic contracts such as the contract is awarded to Mi Home care.

Staffing implications

27. The cost of the single supplier negotiation and subsequent contract management functions will be contained within existing commissioning team and budget.

Financial implications

28. There are considerable cost pressures on all home care budgets, primarily due to a significant rise in use. There are also cost pressures introduced by the introduction of SECC. The apportioned home care budget for Mi Homecare is £4,360,000, which forecasts a deficit of approximately £666,000 this financial year.

Investment implications

29. Not applicable.

Second stage appraisal (for construction contracts over £250,000 only)

30. Not applicable.

Legal implications

31. The legal implications are highlighted below in the Head of Finances comments.

Consultation

32. The strategy to procure through a single supplier negotiation was discussed at the Care at Home Procurement Board, the Children and Adults' Board, key operational leads and through elected member briefings.

Other implications or issues

33. Not applicable.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (CAS16/006)

34. The strategic director of finance and governance notes the recommendations in this report for the award of a contract for home care services. Contract costs fall in the 2016-17 financial year, for which the budget has already been agreed, and 2017-18 which will be the subject of council assembly approval in February 2017. Spend on the contract must be managed within budget.

Head of Procurement

35. This report seeks approval of the contract award for home care services to Mi Homecare by the Cabinet Member for Adult Social Care and Financial Inclusion. The contract award follows a single supplier negotiation for home care services, and is due to commence on 1 August 2016 for 12 months, with an estimated contract value of £ 5,300,000.

36. The proposed contract is fully compliant with the Southwark Ethical Care Charter and that the arrangements for monitoring and management of the contract will continue and will utilise the information from the electronic call monitoring system.

Director of Law and Democracy

37. This report seeks approval of the award of a contract to Mi Homecare for the provision of home care services for a period of 12 months, commencing on 1 August 2016, following a single supplier negotiation.

38. The relevant legal issues were set out in the gateway 1 report (a link to which is attached within paragraph 4) and the Director of Law and Democracy advises that the proposed contract award is consistent with the requirements of the Public Contracts Regulations 2015 and other relevant statutory requirements and with the council's Contract Standing Orders ("CSOs"). The recommended award decision is one which can be taken by the Cabinet Member in line with the council Constitution.

39. CSOs also provide that no contract may be awarded unless the expenditure has been included in approved revenue or capital estimates, or has been otherwise approved by, or on behalf of the council

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature

Date.....

Designation

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
None.		

APPENDICES

No	Title
Appendix 1	Contract register update

AUDIT TRAIL

Lead Officer	Dick Frak	
Report Author	Andy Loxton	
Version	Final	
Dated	19 July 2016	
Key Decision?	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
Director of Exchequer (for housing contracts only)	Yes	Yes
Cabinet Member	Yes	Yes
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Date final report sent to Constitutional Team		15 July 2016

APPENDIX 1

CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	Mi Home care home care contract
Contract Description	Provision of home care services
Contract Type	Demand led
Lead Contract Officer (name)	Andy Loxton
Lead Contract Officer (phone number)	02075253130
Department	Children and Adults'
Division	Commissioning
Procurement Route	Single supplier
EU CPV Code (if appropriate)	
Departmental/Corporate	Departmental
Fixed Price or Call Off	Call off
Supplier(s) Name(s)	Mi home care
Contract Total Value	£5.3 m
Contract Annual Value	£5.3m
Contract Start Date	1/08/2016
Initial Term End Date	31/07/16
No. of Remaining Contract extensions	0
Contract Review Date	01/122016
Revised End Date	NA
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	No – private sector
Comments	
London Living Wage	Yes

This document should be passed to the member of staff in your department responsible for keeping your departmental contracts register up to date.