

Procurement Strategy

Procurement Strategy:	Home Care - Help to Live at Home
Ref:	[Ref No.]
Lead Procurement Officer:	Mark Cage

1. INTRODUCTION

1.1 Purpose

This document sets out the preferred procurement route for the supply/provision of home care services, following consideration of all of the options, and their relative benefits and risks. The strategy is based on the results of consultation with service users, current and prospective suppliers and council officers as part of the service recommissioning process as well as legislative considerations in terms of the Public Contracts Regulations 2015.

1.2 Objectives of the procurement

It is intended to develop a multi lot framework approach to this tender which will be let under the “Light Touch” Arrangements as defined in the Public Contracts Regulations 2015. The lots will be based on distinct geographical zones for each service need type.

1.3 Scope

This procurement is focused on the provision of home care services within a client’s home throughout the county of Herefordshire.

In Scope:

- Domiciliary Care Services (O pathway) (funded by the council)
- Domiciliary care services for individuals with complex needs (D Pathway) (funded by the council)
- Live in care arrangements – 24 hour care

Out of Scope:

- Home care packages funded by direct payments
- Privately funded Home care packages
- Home care packages delivered outside the county boundary of Herefordshire (please refer to rules of ordinary residency)

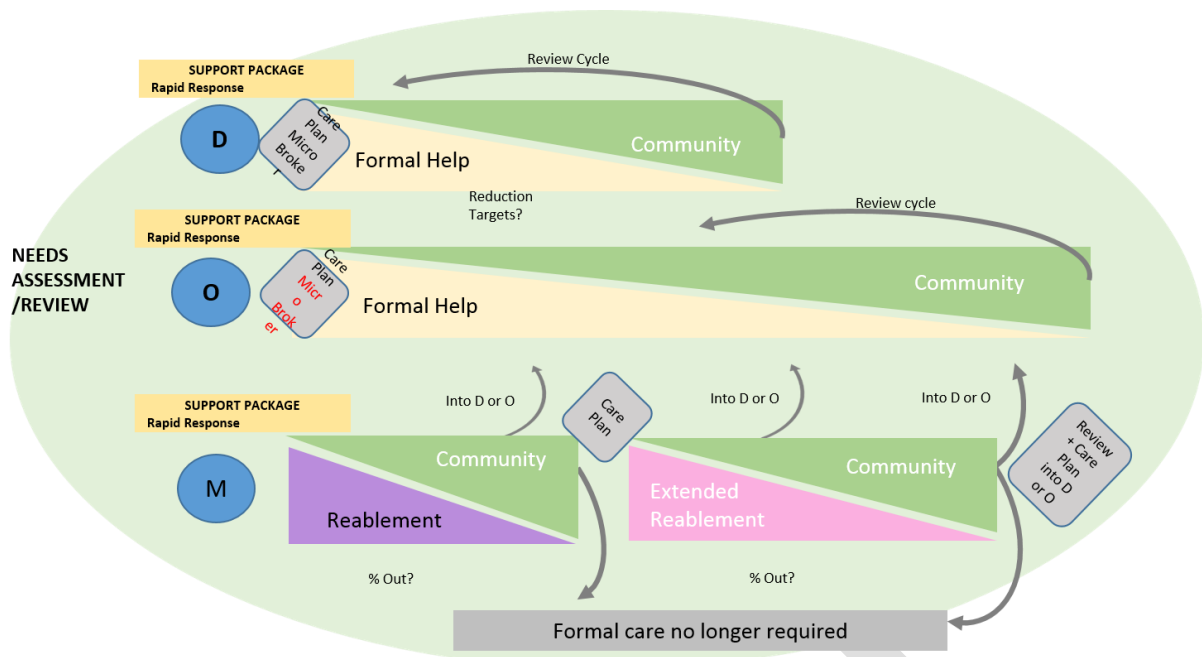


Diagram 1: Needs Based Delivery Model

This approach takes account of the requirements for individuals whose needs can be identified as complex, and those who can be best supported through a 'standard' package of home care delivered with an enablement approach to maximise independence and prevent, reduce or delay the need for more intensive services. Options have been developed, for each element, to ensure that a comprehensive solution can be provided for all potential service users.

2. MARKET ANALYSIS

2.1 Current supply

To redesign and commission a Help to live at home service by creating a delivery model that enables people to access an appropriate level of support in a timely manner in order to meet outcomes.

The key principles of the new service will be:

- To prevent, reduce or delay the need for formal care and support
- To provide flexible, personalised services that support independence and enhance wellbeing
- To enable people to remain in their own homes for as long as they wish
- To identify people's strengths and the personal and community resources available to meet their needs
- To support and enable people to achieve the outcomes that are important to them

Full details will be incorporated into the service specification.

The current commissioning arrangement in Herefordshire for domiciliary care is a countywide framework provision.

The framework contract has been in place for three years and expires in June 2017. It is a generic framework with 39 providers. However, since its inception not all providers have delivered services and currently only around 20 are active.

The framework supports adults with learning disabilities and/or autism, mental health, older people and people with physical disabilities.

On occasions where a care package cannot be picked up by one of the contracted providers, care packages are purchased on a spot arrangement.

Providers will be required to use Ezitracker as part of contractual delivery, this has been implemented to monitor the hours delivered to individuals.

Pricing

The current home care provision has two set rates; one for urban and one for rural care packages, with the rural packages being paid at a premium to cover extra staff travelling costs.

Urban	Rural
£14.76	£15.76
24 Hour Sleep In Rate - £ 11.48	
The rural rate is paid for packages of care provided in areas that are outside a four-mile radius from the city of Hereford or county market towns	

The council spends approximately. £9M per annum, on directly commissioned home care services

2.3. Duration of contract

It is anticipated that any future contracts that arise out of this procurement will run concurrently and for a period of five years. However, contractual clauses will be included to allow for earlier termination for any reason.

3. FUNDING ANALYSIS

3.1 Estimated contract value/Available budget

It is anticipated that this procurement will have a value of in the region of £9 million per year across all zones. However, the actual cost will be determined by the number of packages of care being requested and utilised. This will also be influenced by the number of Direct Payments taken up during the term of the contract.

3.2 Estimated efficiencies

It is anticipated that moving to a zonal approach will deliver a financially, operationally and geographically sustainable market for the successful providers. This will encourage providers to develop quality services to respond to both service user and council needs.

For the council it is important to ensure that all referrals are matched with carers of sufficient experience and expertise. The proposed approach will enable providers to sufficiently resource their service to meet the demand.

Incentivisation will also be developed within this Framework Agreement and linked to achieving the appropriate targets of demand management and reduction of care packages stated in the terms and conditions.

Providers will be expected to achieve a minimum of 5% reduction per annum with incentive payments being made against any reduction over this level. Furthermore, incentive payments will be subject to successful delivery of all KPIs. Initial assessment for payment will be made by April 2018.

Incentivisation will support the development of partnership working between the council and providers and allow the trusted assessor model to be built.

4. PROCUREMENT STRATEGY

4.1 Procurement options appraisal

The council has undertaken extensive engagement and formal consultation. This included the service structure and number of lots, as well as asking for alternatives to the zonal approach or nature/size of lots. Consultation closed on 28th August 2016 and full detailed analysis of the Service Provider consultation is available on request.

The alternatives for procuring this service are outlined in the following table:

Approach	Positives (P)	Negatives (N)	Net Weighting P-N
Open Framework Whole Contract - develop an open county wide framework with no restriction in the numbers of bidders. Search for and award service matches through county wide brokerage search	<ul style="list-style-type: none"> 1) Known approach that is understood by commissioners and providers. 2) Providers retain existing packages (No TUPE or other transfer) 3) On paper gives the most service user choice 4) no change to administration process 	<ul style="list-style-type: none"> 1) Temptation for provider to cherry pick packages resulting in strong competition for city care packages and limited competition for care packages in more rural areas 2) No incentive for providers not to hand back packages of care when the package becomes difficult or uneconomic to deliver. 3) Mechanism does not encourage efficient route management and doesn't keep travel costs to a minimum. 4) Does not encourage new ways of working or working in partnership with other suppliers to deliver cost effective services 	0
Open Framework (with no limit on providers) focused on multiple zones based on super urban, urban and rural zones with a scale of rates to reflect the zone.	<ul style="list-style-type: none"> 1) Approach recognises the challenges of rural service provision. 2) On paper gives a wide service user choice 3) Providers retain existing packages (No TUPE or 	<ul style="list-style-type: none"> 1) Approach may still lead to provider's cherry picking the most economically advantageous packages 2) Does not encourage new ways of working or working in partnership with other suppliers to deliver 	-3

	other transfer)	<p>cost effective services</p> <p>3) Mechanism does not encourage efficient route management keeping travel costs to a minimum.</p> <p>4) May actually increase overall costs</p> <p>5) Changes in hourly rates could risk the economic viability of some providers</p> <p>6) Many package fees will change with an associated increase in administration during transition</p>	
<p>Zone approach with limited (small) numbers of providers allocated to each zone. Providers required to work together and service ALL care packages in their zone</p>	<p>1) Providers are focused on a zone and can develop their services within that zone</p> <p>2) Encourages route management and partnership working</p> <p>3) Places onus on provider to manage all packages thus reducing handbacks</p> <p>4) Encourages innovation as allows providers control within their zone</p> <p>5) Allows commissioners to respond flexibility to the specific challenges in each zone</p>	<p>1) May ultimately reduce competition as some providers TUPE staff and move out of the business sector or zone.</p> <p>2) Potential migration on mass to direct payments by service users who want to remain with their current provider.</p> <p>3) All package fees are likely to change increased with an associated increase in administration during transition</p>	+2

4.2 Recommended procurement route to market

This Tender will be let under the OJEU “light touch” arrangements.

For “O” Services it is anticipated that there will be 5 lots with each lot covering a distinct geographical area (or zone) for service delivery, the number of providers per lot will range from 1-3 and this will be confirmed prior to the publication of tender documentation.

For services for individuals with complex needs (“D” pathway) a two zone approach is proposed as there is significantly less demand in terms of numbers of service users for this type of service.

The council will not limit the number of zones that a bidder can tender for. However, it will limit the number of zones a bidder can operate in. The maximum number of zones a successful bidder can operate in will be confirmed at time of tender.

The Council will accept tenders from individual organisations who can meet the specification and tender requirements.

The council will accept tenders from a consortium (or consortia) of individual companies’ subject to the following additional conditions:

- Consortia of organisations will be able to bid for the service but they must be legally constituted. The Council will not allow consortia where they have not been legally constituted

Or:

- Consortia consisting of a lead provider with partners who formally subcontract from that lead provider will be acceptable to the Council. In such a case the Council will contract with the lead provider only.

4.3 Specification Type

The specification will be an outcome based type with specific key performance indicators developed to ensure the service that supports the delivery of outcomes for service users.

4.4 Advertisement

The tender will be publicised and advertised through a range of media including:

- At a number commissioning and provider engagement sessions
- At a number of 1:1 pre tender provider commissioning feedback sessions
- In The Official Journal of the European Union (OJEU) via PIN and Contract Notice
- In Contracts Finder
- Via Pro contract (Herefordshire Council's E tender portal)
- Mid- Tender Q and A group session will be offered to all bidders approximately 2 to 3 weeks into the tender process. The minutes from this will be shared with all bidders.

The tender process will be conducted via the council's electronic tender portal Procontract (www.supplyingthesouthwest.org.uk). This will be the sole source of tender documentation. All other publicity will merely signpost providers to the Procontract web site where the documentation will be made available. This will ensure robust document version control and tender process management.

4.5 Selection/Award criteria

Selection and award criteria will be based on a Most Economically Advantageous Tender (MEAT) basis with a cost to quality ratio to be confirmed at the point of agreement of hourly rate(s).

Commercial Assessment

It is anticipated that the tender will include a ceiling, mid and floor hourly rate. Bidders may submit a tender at or below this ceiling price, the mid-rate or the floor price, however if a tender is received outside this range it will be automatically disqualified and deemed a non-compliant tender.

Quality Assessment

For all lots covering of this commissioned service, a series of questions will be issued to evaluate the quality of the bidders these will be based on the following key headers:

1. Service Delivery
2. Mobilisation
3. Community development
4. Technical Ability (including outcome delivery)
5. Workforce – quality recruitment/retention for Herefordshire

Innovation will be expected to run throughout bidder's responses for the above, as well as a locally focused approach.

A document detailing the scoring of questions is available on request.

Weightings for each quality element score will be applied to reflect the relative importance of each question in the tender. The exact weightings will be finalised prior to the launch of the tender.

4.6 Key Procurement Risks

Risk	Likelihood	Impact	Owner	Counter Measure
Tender not advertised when planned	Low	High	Project Group	Project planning
Inexperienced Bidders unable to complete the tender documentation	Low	Medium	Mark Cage tender pack and Training Amy Pitt specification development.	Develop a user friendly tender pack Run a "how to tender" workshop as part of the commissioning engagement
Lack of interest in tender including advertisement. Leads to limited bids being received.	Low	Medium	Commissioning and Commercial teams	Commissioning engagement consultation and publicity OJEU portal contracts finder
Successful Legal Challenge to the evaluation and award leads to a delay in award or an abortive tender	Low	Medium/High	Commissioning and Commercial teams	Ensuring tender packs are compliant and regulations adhered to open and transparent reasoning for tender design
Service users move on mass to DP not happy with council's proposals. Therefore, lot sizes	Medium	Medium	Commissioners	Consult with SU with the potential impact of a single provider or DP choice.

decrease significantly				<p>Liaison with Operations to ensure that assessors discuss forthcoming changes with service users during ALL reviews with immediate effect</p> <p>Be clear in tender docs that hours are not guaranteed but based on current usage.</p>
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5. PROCUREMENT PLANNING / RESOURCE

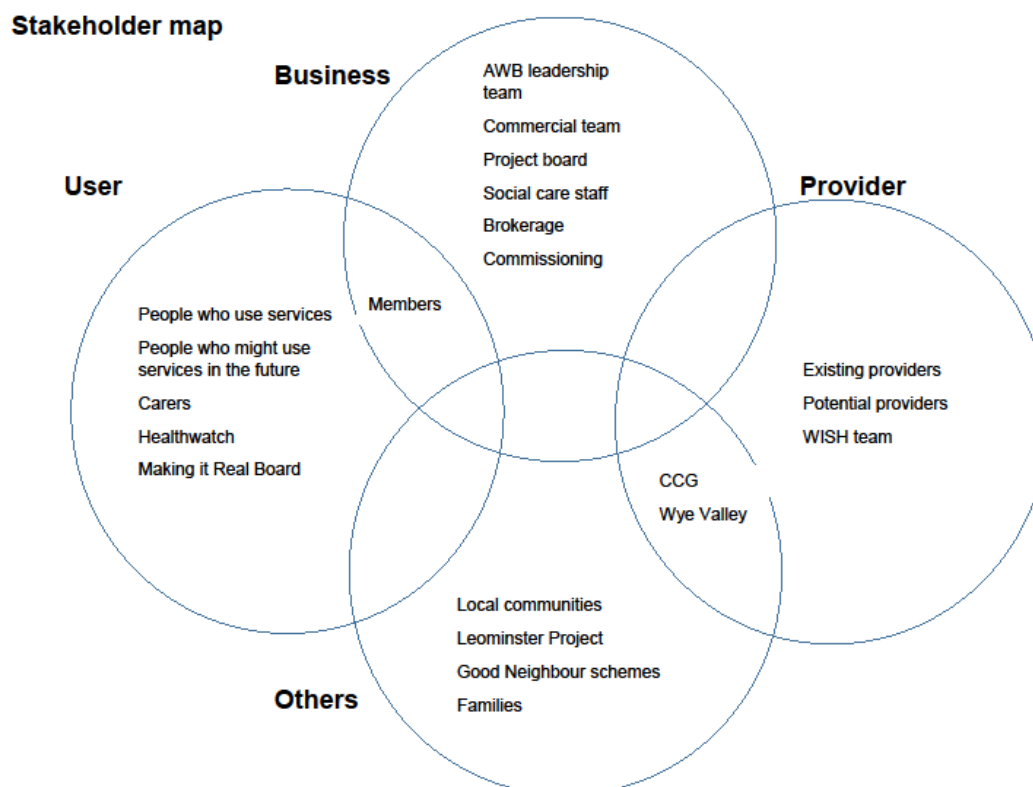
5.1 Proposed procurement timetable

Activity/Stage	Deadline / Period	Responsible Person
<i>PIN Published</i>	19/02/2016	Rachael Horne
<i>Supplier Engagement Days</i>	To 14 th September 2016	Commissioning and Commercial Teams
Specification drafted	26/10/2016	Amy Pitt
Contract Conditions drafted	26/10/2016	Legal team
ITT drafted/assembled	26/10/2016	Mark Cage
OJEU Notice, ITT published	09/11/2016	Mark Cage
Tender Closure	09/01/2017	Mark Cage
Tender evaluation	10/01 to 13/02/2017	Evaluation Panel
Contract award finalised	21/02/2017	Evaluation Panel
Intention to Award letters issued <i>(Noting that subject to contract and our decision governance process)</i>	09/03/2017	Mark Cage
Standstill period	09/03/2017-19/03/2017	Mark Cage
Contract award	22/03/2017	Mark Cage

Activity/Stage	Deadline / Period	Responsible Person
OJEU Contract Award Notice published	10/04/2017	
Implementation	From July 2017	Commissioning team
Contract commencement	From July 2017	Commissioning team

5.2 Key stakeholder

The key stakeholders to this project are summarised in the diagram below. It is anticipated that TUPE will apply to some or all current providers' work force. However, this will ultimately depend on which providers prove to be successful in their bids for service.



5.3 Project governance

The council have established a project team to deliver all service commissioning, procurement and contracting arrangements for this project. The team consists of project managers, commissioners, contract specialists, operational officers and managers from brokerage and social care teams, as well as procurement professionals who will be drawn upon to deliver elements of the procurement as required.

Final approval of the commissioning, the procurement approach and the award of any subsequent contracts will be subject to the Council's governance approval processes.