

Report for: Cabinet 9 February 2021

Title: Award of contract for the provision of bundled hours home support and reablement service (Phase 2)

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Ward(s) affected: All

**Report for Key/
Non-Key Decision:** Key Decision

1. Describe the issue under consideration

- 1.1. This report details the outcome of a mini-competition tender process conducted via the Council's Dynamic Purchasing System (DPS) for Home Support and Reablement Services and seeks approval to award a 'Call-Off' contract (referred to as a Service Agreement) to the successful Providers in accordance with the Contract Standing Order 9.07.1(d). Details of the successful Providers are outlined in Appendix 2 (Part B - exempt information) of the report.
- 1.2. Subject to approval, Service Agreements shall be awarded for a period of 29 months commencing from 12th April 2021 to 31st August 2023 with an option to extend for further period of up to two (2) years. The estimated cost of the service for 29 months would be £17,793,060 and for duration of 53 months (if extended) would be £34,261,190 inclusive of London Living Wage (LLW) for financial year 2021/22 but exclusive of annual inflationary increase for subsequent years. Breakdown of costs for each Service Agreement is included in Appendix 2 - Part B (exempt information) of this report. The extension periods bring the contract end dates into line with the previously tendered contract periods.
- 1.3. It should be noted that the Council is already paying home care providers at rates which allow for London Living Wage, which increases annually. The Service Agreements awarded will, therefore, increase in line with LLW for the duration of the contracts' term.
- 1.4. The home care model delivered through these contracts will enable services to be more responsive to the needs of service users and is focused on preventing ill health and proactively managing service users with complex or long-term health conditions. It will align with health and wider community services to support a more integrated approach in local areas.

2. Cabinet Member Introduction

- 2.1. I am delighted to present this report, which is an important step in a process to transform home support in Haringey, recognising the critical role it plays in enabling people to live in their homes for as long and as well as possible.
- 2.2. By offering London Living Wage to all front-line care workers, we are honouring our commitment to the Ethical Care Charter and recognising the importance of care workers – their status and their value – in the delivery of home support. Likewise, we are recognising that for the majority of people the experience of home support is their experience of social care – representing a real opportunity to make the necessary changes when people are at their most frail and vulnerable.

3. Recommendations

- 3.1. That Cabinet approves:
 - 3.1.1. The award of Service Agreements for bundled hours of Home Support and Reablement services to the successful Providers (identified in the exempt appendix of this report) for a period of 29 months commencing from 12th April 2021 to 31st August 2023 with an option to extend for further period of up to two (2) years. The estimated cost of the service for 29 months would be £17,793,060 and for duration of 53 months (if extended) would be £34,261,190 inclusive of LLW for financial 21/22 but exclusive of annual inflationary increase for subsequent years;
 - 3.1.2. That if a successful Provider is awarded a Service Agreement for a Bundle and rejects the award, then the next ranking Provider for that Bundle will be offered the Service Agreement (if required);
 - 3.1.3. To vary the contract price annually in line with LLW (as published by the Living Wage Foundation periodically) inflationary increase from 1st April for each and every subsequent year for the term of Service Agreements; and
 - 3.1.4. Waive Contract Standing Order (CSO) 9.08.8 (requirement to execute the contract under seal as a deed where value of the contract is above £250,000) as permitted under CSO 10.01.1(a) as the Service Agreements are electronic on DPS.

4. Reasons for decision

- 4.1. All home support and reablement Service Providers currently enrolled on the DPS were invited to tender for the bundled hours home support and reablement service. The providers' submitted offers were evaluated using a 40% quality and 60% price weighting, on this basis, the recommended Service Providers' bids were deemed to be the most economically advantageous, representing the best value option to deliver the required service. The split of quality and price was selected on the grounds that price variations have to some extent been covered by the requirement to pay London Living Wage.

- 4.2. Commissioning a locality-based home support and reablement service will bring several benefits: Service providers will be able to develop a good knowledge of the area they work in and the community resources available for service users to access, there will be dedicated service providers for each locality, removing the current hard- to- reach area problem and in turn this will mean Service providers will be based closer to the people they are serving, with a consequent reduction of travel time for care workers.
- 4.3. By working with a smaller number of providers across three Localities, the new model will provide several benefits: a unified approach between care providers, social workers, community nurses, therapists and the voluntary and community sector, which aligns to Haringey's locality-based working with the NHS and particularly primary care. Working with fewer providers lends itself to more effective contract monitoring as it will require less Council resource to ensure efficacy in delivery outcomes, as well as allowing the Council to develop crucial partnerships with Providers to assure quality and continue to improve value.
- 4.4. It is anticipated that the new model will deliver improved outcomes, offer a more sustainable service and create better conditions for the workforce. Features of the new model include:
- For each Locality, the Council will commit to commission a minimum number of guaranteed hours from the Service Providers each year. This will enable the Service Providers to organise and manage their resources;
 - 70% of home care packages will be through a bundled hours' arrangement;
 - 30% of home care packages would remain as spot purchases to enable opportunity for small/micro, including not-for-profit organisations and existing Small and Medium Sized Enterprises, to remain in or to enter the market as well as to provide market resilience;
 - Providers will be required to pay all care workers LLW meeting the Council's commitment to LLW. Employee wage is connected to the service providers' capacity to recruit and retain care workers, and continued non-payment of LLW would impact negatively on the quality of service delivery, whilst payment will support better quality care;
 - Providers will operate across a wide range of health and care needs for both Adult Social Care and NHS Continuing Health Care (CHC) packages;
 - All providers will be required to have an Electronic Call Monitoring system in place so that we can effectively understand the costs of care provision whilst maintaining an outcomes-focused approach;
 - The new model will see improved workforce recruitment and retention through improved contractual arrangements; and
 - Career progression pathways through greater skills development, workforce planning and linking in with the pan-London 'Proud to Care' initiative. Appropriately skilled care workers will be an essential part of the new model of care and will ensure that they have career

opportunities to develop skills that will offer a pathway into more advanced social care or health care provision.

5. Alternative options considered

5.1. **In house Provision** - An option to proceed with an in-house home support service was considered but rejected based on the assessed additional financial impact, as well as the scale of the infrastructure required to implement an in-house model.

5.1.1 Implementing an in-house home support service at an additional (to the higher costs set out here) cost of £3.5m per annum would be challenging, particularly in the context of the significant level of savings already being implemented for the financial years 2019 – 2021 for Adult Social Care, totalling approximately £16m and the current financial pressures aggravated by Covid 19.

5.1.2 In-house services can give greater control over the care that is provided, delivering improvements and minimising risks by ensuring supply and balancing cost and quality requirements against the available budget although quality is not guaranteed through an in-house delivery model. Previously in-house services have, however, been shown to be significantly more costly than external provision, due either to lack of efficiency and/or to better staff terms and conditions. No London borough currently has an in-house model for home support.

5.2. **Do nothing** - An option to continue with the current model of home support was considered but rejected on the grounds that it does not meet the Council's commitment to delivering LLW, nor does it transform the service to deliver in an integrated way to meet user needs.

5.3. An option to deliver the existing model but at LLW rates was considered but rejected on the grounds that this would not deliver the improved outcomes for service users that a high quality, integrative model would achieve.

6. Background information

6.1. Domiciliary care is a vital service which is needed to enable the local authority to fulfil its statutory duties under the Care Act 2014. There are three main ways in which Haringey makes support in the home available to local residents and each differs in the way it is delivered and the range of needs it meets:

- Reablement is short term support offered to people in their own homes,
- Direct payment offers a route to enabling people to remain in their own homes with greater choice and control as they purchase their own care
- Home support is the third way the Council helps residents in need of additional help to remain as independent as possible in their own homes for as long as possible.

6.2. Home support services in Haringey operate at volume and have a significant impact on many residents, and their wider family and networks. At any one time, there are around 1,100 Haringey adult social care service users receiving home support, which equates to almost 16,000 hours of care and almost

19,000 visits a week, via services that are either directly commissioned by the council or through individual budgets.

- 6.3. The Council currently commissions home support and reablement services on a spot purchase basis from a range of home support agencies (approximately 70 providers) most of which are small or micro, including not-for-profit organisations and Small and Medium Sized Enterprises. Whilst flexible, this method of commissioning is not conducive to market sustainability and can impact on providers' ability to recruit and retain care staff and to provide continuity of care and adversely impacts on the Council's ability to source care particularly in hard to serve areas as well as its ability to effectively manage performance of such a wide range of providers.
- 6.4. A local review of home support in Haringey and the London-ADASS home support commissioning review identified the following challenges facing Haringey home support:
- Sustainability in the market and the workforce
 - Carer career progression
 - Efficiency and market plurality
 - Price sustainability including the balance between LLW and achieving best value
- 6.5. The new model for home support is based on findings from a co-designed process which engaged with front line care workers, provider agencies, users, carers and social care staff. The model has been developed jointly with the Clinical Commissioning Group (the CCG) to meet the needs of residents with more complex health needs.
- 6.6. The new service will be locality-based with an outcomes-focused approach, delivered by a small number of providers working collaboratively across three geographical areas in Haringey (East, Central & West). Working in a locality-based way will provide a much stronger local focus and will make best use of people's strengths, reducing dependence on care and enabling them to live at home for longer. It also enables greater co-ordination and integration with local health services delivered through the National Health Service (NHS).
- 6.7. The Council undertook a market review of existing services and the market generally and received feedback from service providers. As a result of this review the Council, in line with its community wealth building strategy for residents/ workers and support to local business acknowledges that in order to ensure a high standard of care for its residents it must uplift its offering in respect of hourly costs of care workers. As such, the Council is committed to covering the costs of service providers paying its care workers and staff delivering the Services at no less than the LLW rate.
- 6.8. Haringey Council signed up to the Ethical Care Charter in September 2017, which requires inter alia, the payment of LLW for all home care workers and prohibits the use of zero-hour contracts. However, no timeline was agreed for its implementation. Subsequently, the manifesto of the current administration committed to the introduction of the LLW by 2022, a commitment which was delivered ahead of time, by October 2020 through paying London Living Wage

rates in the DPS. These commitments were made in recognition of the role of care workers in supporting people to live in their own homes, often without the infrastructure of other disciplines in the care and health sector.

- 6.9. Furthermore, in November 2018 Haringey Council became a fully accredited LLW Employer and is committed to work with our suppliers and partners to encourage them to pay the LLW to their employees.
- 6.10. The delivery of this model will provide additional social value through areas such as enabling more local recruitment, facilitating better career progression and qualifications and reducing the service carbon footprint through Locality provision that reduces the need for transport and travelling time.
- 6.11. The estimated overall increase in costs would be £4.3m per annum at £18.50 per hour per year if the same number of hours of home support as currently, were delivered and to the same model. However, the Council recognises the greater impact of a new home support model delivered by a skilled and committed workforce and therefore has proposed a range of mitigations to reduce the financial impact of the new model. We believe the following aspects of the proposal put forward here will have an impact on the level of council home support spend.
- Up to 5% reduction in the volume of home support hours through this approach which is built on outcomes and reablement equating to up to £0.8m cost mitigation;
 - Approximately 5% saving through the introduction of an Electronic Care Monitoring System which will ensure there is a flexible system in place which follows the outcomes to be achieved, enabling both the Council to pay appropriately for the care delivered and providers to roster more effectively in a locality, reducing travel and waiting time equating to up to £0.8m cost mitigation;
 - Up to 5% reduction in hours through the development of a joined-up approach to home support and assistive technology (AT). Providers would be incentivised to achieve outcomes through the use of AT and be part of the AT solution overall equating to up to £0.8m cost mitigation;
 - Increasing the numbers of people on a Direct Payment. It is believed that by making this model available to those people receiving a direct payment, their outcomes can be enhanced, and home support hours delivered at a reduced rate. The rate payable for direct payments will ensure all care workers in whatever employment arrangement are paid LLW rates, will be uplifted to accommodate LLW and associated on-costs.
- 6.12. A tender process was undertaken in February 2020, not all bids received were fully compliant in order to award the full capacity for each of the localities therefore home support continued to be covered directly via DPS with a proportion covered by the two (2) successful providers in the East and West of Haringey.

- 6.13. As a number of bids in the first round of tenders were not fully compliant, the Council undertook a market review to gain feedback from providers on their experiences and views. Providers fed back that they would like:
- More time to respond to tender(s)
 - Bundles with varying sizes
 - Support navigating the dynamic purchasing system
 - More opportunity for smaller providers
 - Better understanding of the process
- 6.14. As a result of the market review the Council instigated a series of supplier engagement and training events to prepare the market for the next round of tenders. Providers had the opportunity to attend bid writing training to improve their understanding of how to write winning content via a tendering process. The Council also held a number of workshops with providers to support them to better understand the principles and approaches of the new home support model, the procurement process and training on navigating the dynamic purchasing system.
- 6.15. Based on the feedback in the surveys the Bundled sizes and turnover requirements were reviewed and reflected in the varying Bundle sizes for this tender and level of turnover.
- 6.16. A mini-competition tender process commenced on 15th October 2020. All organisations enrolled onto DPS under Home Support Bundled Hours category were invited to submit offers (bids) in response to the Requirement (invitation to tender) for the bundled hours home support and reablement service across three (3) localities; East Haringey, Central Haringey and West Haringey using DPS.
- 6.17. The Services are tendered in 10 individual lots for across three (3) Localities reflecting the varying Bundle sizes:
- Four (4) Bundles for Locality East Haringey;
 - Four (4) Bundles for Locality Central Haringey; and
 - Two (2) Bundles for Locality West Haringey.
- Each Bundle is referenced using first initial of the locality followed by number, eg. East Haringey Bundles are referenced as E1, E2, E3 and E4.
- 6.18. Providers were permitted to submit offers for multiple Bundles, however, the award of Service Agreements was restricted to no more than one Bundle in each Locality and maximum of two Localities. Furthermore, if a Provider achieved a ranking which made it eligible to be awarded Service Agreements for two Bundles, they were required to meet the aggregated turnover threshold for both Bundles.
- 6.19. By the deadline of 17th November 2020, a total of 122 bids were received across all 10 bundles. A breakdown of bids received for each Bundle is listed below:
- Bundle E1 – 16 bids
 - Bundle E2 – 10 bids
 - Bundle E3 – 11 bids

- Bundle E4 – 10 bids
- Bundle C1 – 14 bids
- Bundle C2 – 13 bids
- Bundle C3 – 15 bids
- Bundle C4 – 11 bids
- Bundle W1 – 13 bids
- Bundle W2 – 9 bids

- 6.20. All 122 tenders were checked for completeness and compliance with minimum requirements before quality and price evaluations. Following compliance checks, 42 bids were disqualified and eliminated from the process with no further assessment, as the providers failed to meet the minimum requirements of Electronic Call Monitoring (ECM) system, turnover threshold or submitted incomplete bids.
- 6.21. The remaining 80 bids passed the compliance checks and were assessed against the Council's pre-stipulated evaluation criteria using a weighting of 40% (400 points) quality and 60% price (600 points).
- 6.22. The Qualitative Delivery Proposals (QDPs) were independently evaluated against pre-determined scoring criteria by a Panel of six assessors, comprising Head of Commissioning, Head of Integrated Care, Quality Assurance Officers and Commissioning Officer. The final consensus scores agreed by the Panel are summarised in Appendix 3 of this report.
- 6.23. In order to ensure all tenders met an acceptable quality standard, the providers were required to score a minimum of 200 points (50% of the total scores allocated to QDPs) and/or must achieve a minimum of pre-weighted scores of 2 (below expectations) or above for each method statement question to pass the quality evaluation.
- 6.24. Quality and Price scores were added together to determine the Most Economically Advantageous Tender(s) for each Locality. Outcome of the tender evaluation and breakdown of quality and price scores achieved by each provider for each locality is set out in Appendix 3 of this Report. Further information about the tender evaluation is contained in Appendix 2 (Part B - Exempt Information) of this report.
- 6.25. It is recommended to award Service Agreements for Bundles E3, E4, C1, C2, C4 and W1 to those providers who have scored the highest marks and top rank in their respective Bundles.
- 6.26. For Bundles E1, E2, C3 and W2, we are proposing to award a Service Agreement to 6th and 3rd ranked provider respectively. This is because the providers have submitted offers (bids) for more than one bundle in the same locality and are already being recommended for award of a Service Agreement in that locality (cannot be awarded 2 bundles in the same area – see paragraph 6.20 above), or is successful in different Localities, or is unable to meet the aggregated turnover threshold for two Bundles that they have applied for.
- 6.27. **Contract Management**

6.27.1. Contract management is pivotal to service delivery and will be incorporated into the Contract Key Performance Indicators and methods of measurement are integrated within the requirement and will be monitored through contract monitoring meetings and reports.

6.27.2. The Contract Meetings will be held every second week from the commencement date of the Service Agreement for the initial three (3) months of the term of the Service Agreement and every four (4) weeks thereafter. The purpose of contract monitoring meetings will be to examine the implementation of the new model and efficacy of the new service delivery model and service user outcomes. Service providers will be required to make available evidence and other necessary information as requested by the Council to enable effective monitoring of the service at an operational level and to foster partnership working to facilitate information sharing, the development and adoption of good practice as well as, the early resolution of issues that may arise.

7. Contribution to strategic outcomes

7.1. This project proposal helps to support the Priority 2 and Priority 4 outcomes as outlined in the Borough Plan 2019 – 2023.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1. Finance

8.1.1. This report is seeking to award for an initial period of 29 months commencing from 12th April 2021 to 31st August 2023. There is an option to extend for further period of up to two (2) years bringing a total contract period allowable to 53 months. The estimated cost of the service for the maximum duration of 53 months would be £34,261,190 inclusive of LLW for financial year 2021/22 but exclusive of annual inflationary increase for subsequent years. Funding will be met from existing resources within Adult Social Care.

8.1.2. The contract award proposes a core element for each tenderer and then additional bundled hours shared between all the contractors appointed for each locality. The maximum contract value by locality is set out below:

East Haringey:	£16,670,375
Central Haringey:	£13,671,589
West Haringey:	£ 3,919,227
Total:	£34,261,190

8.2. Procurement

8.2.1. This provision falls within scope of Schedule 3 of the Public Contracts Regulations ('the Regulations') 2015. The full requirements of the Regulations including advertising in the Official Journal of the European Union were met when the Dynamic Purchasing System was set up in 2020.

- 8.2.2. As required under Regulation 34, all Providers enrolled on the DPS which offered home support were invited to re-enrol in order to submit a bid for bundled hours of care in the localities outlined in tender document and assessed within the allotted 10-day timeframe
- 8.2.3. The award of contract via DPS is permitted both under the Regulations, Contract Standing Orders (9.04).
- 8.2.4. The bids returned best value for the Council and were less than budgeted estimates, despite the inclusion of LLW and Providers' commitment to forego the use of zero-hour contracts. A substantial saving of some £2,773,756 is anticipated over the 53 months of service agreements.
- 8.2.5. The new service model will enable service users to exploit their strengths and remain as independent as possible in their communities. The creation of service localities will assist efficacy of service delivery as it aligns with health & other partners areas of operation, will facilitate area knowledge and reduce travel time for care workers
- 8.2.6. It should be noted that a buoyant Home Support market exists under the DPS with over 96 providers. The new localities care delivery model at full capacity intends to secure 70% of requirements in this market, which will have some effect on the number of suppliers in the market. The mitigation is to ensure 30% of the market remains to provide resilience, capacity for specificity e.g. learning disabilities and choice for those residents using direct payments.
- 8.2.7. Contract management is integral to the success of this new delivery model; its role cannot be understated. Commissioners will hold regular contract and performance management meetings which will both foster partnership working, facilitate sharing of knowledge and understanding of each other's business operations, as well as, provide a forum for discussion to identify and mitigate any service delivery issues and to ensure the payment of LLW which underpins the quality the Council expects in service delivery in order to achieve identified outcomes in individual care plans

8.3. **Legal**

- 8.3.1. The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.
- 8.3.2. Pursuant to the provisions of CSO 9.07.1(d), Cabinet has the authority to approve the award of contracts valued at £500,000 or more.
- 8.3.3. Strategic Procurement has confirmed that this procurement complies with the rules of the DPS for the Provision of Adults Home Support Services.
- 8.3.4. Please refer to the exempt Part B of this report for additional legal comments.

8.4. **Equality**

- 8.4.1. The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
 - Advance equality of opportunity between people who share those protected characteristics and people who do not;
 - Foster good relations between people who share those characteristics and people who do not.
- 8.4.2. The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 8.4.3. An Equality Impact Assessment has been completed for the proposed, Award of contract for the provision of bundled hours home support and reablement service is included as Appendix 1 to this report.
- 8.4.4. Overall, the impact of the proposal is positive as the aim of the proposal is to improve the quality of home support by delivering an outcomes-focused, person-centred service. As the proposed service will be delivered in locality areas, the reliability of the service should also improve. The overall aims of the new approach are as follows:
- supply assured across the borough
 - sustainability in the market and in the workforce
 - more focus on outcomes rather than reliance on ‘time and task’
 - enhanced quality and focus on outcomes - empowering people to live independent lives near the people and places that are important to them
 - arrangements which are manageable to run
 - better pay rates for care workers.

9. Use of Appendices

- 9.1. Appendix 1: Equalities Impact Assessment
9.2. Appendix 2: Exempt Information (Part B of this report)
9.3. Appendix 3: Procurement Outcome

10. Local Government (Access to Information) Act 198

- 10.1. This report contains exempt and non-exempt information. Exempt information is contained in the exempt report and is not for publication. The exempt information is identified in the amended schedule 12 A of the Local Government Act 1972 under the following categories:
- (3) information in relation to financial or the business affairs of any particular person (including the authority holding that information); and
 - (5) Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.