

Report for: Cabinet 10 March 2020

Title: Award of contract for the provision of bundled hours home support and reablement service

Report authorised by: Charlotte Pomery, Assistant Director Commissioning

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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 'Call-Off contracts (also referred as Service Agreement) to the successful tenderers in accordance with the Contract Standing Order 9.07(d).
- 1.2.** To approve the award of Service Agreements to successful Tenderers outlined in the exempt appendix for the provision of bundled hours home support & reablement services commencing 1 April 2020. We have not awarded to full capacity in all Localities due to providers not being fully compliant.
- 1.3.** The model 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 the Integrated Care Network (ICN) model of care that brings together a range of health and care services.
- 1.4.** The new service will be locality-based with an outcomes-focused approach, delivered by a small number of providers working collaboratively across three locality 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.
- 1.5.** All existing packages of care will be reviewed and will move to the new service providers over time. Importantly, the DPS enables the service to maintain a continuous provision of home support by continuing to ensure spot purchased hours are always available. Those service users who wish to remain with their current care worker and provider will be offered direct payments with the support they require. Where this offer is taken up, it will

give service users and families the opportunity to exert more choice and control over the provision of care that enables them to be independent. It will reduce dependency on more costly care and as a result contribute to protecting crucial services for those most in need.

- 1.6. With the introduction of the requirement for the Council to pay providers London Living Wage (LLW) rates, working with a smaller number of providers will result in the Council achieving good value for money by tying the delivery of LLW to improved outcomes for users and improved working conditions for care workers.
- 1.7. It is anticipated that there are several opportunities through the delivery of this model to provide social value such as local recruitment and reducing carbon footprint through Locality provision that reduces the need for transport and travelling time.
- 1.8. Subject to approval, the 'Call-Off' contract shall be awarded for a period of three (3) years commencing from 1st April 2020 with an option to extend for further period of up to two years (2) years commencing from 1st April 2020 to 31st March 2025 (if extended) at the maximum cost of £12,449,500 inclusive of LLW for financial 20/21 but exclusive of annual inflationary increase for subsequent years. Breakdown of costs is included in Appendix 2 - Part B (exempt information) of this report.

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 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 'Call-Off' contracts for bundled hours of Home Support and Reablement services to the successful tenderers (identified in the exempt appendix of this report) for a period of (3) three years with an option to extend for further period of up to 2 years, commencing from 1st April 2020 to 31 March 2025 (if extended) at the maximum cost of £12,449,500 inclusive of LLW for financial 20/21 but exclusive of annual inflationary increase for subsequent years.
 - 3.1.2. To vary the contract price annually in line with London Living Wage (as published by the Living Wage Foundation periodically) inflationary increase
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from 1st April for each and every subsequent year for the term of Service Agreements; and

3.2 That Cabinet notes that:

3.2.1 Not all bids received were fully compliant in order to award the full capacity for each of the localities and that home support therefore will continue to be covered directly from the DPS

3.2.2 Where insufficient suppliers are not deemed to be compliant the Council will go out to tender again

3.2.2 A new tender process will be undertaken as a matter of priority to ensure the new service model is fully in place

4. **Reasons for decision**

4.1. All home support & reablement Service Providers currently enrolled on the Dynamic Purchasing System (DPS) were invited to re-enrol for the bundled hours home support and reablement tender (more particularly described at 6.11 below). The tenderers' proposals 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.

4.2. Commissioning a locality-based home support and reablement service will bring several benefits as 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. Service providers will be based closer to the people they are serving, reducing travel time for care workers.

4.3. By working with a smaller number of providers across three Localities, the new model will provide a unified approach between care providers, social workers, community nurses, therapists and the voluntary and community sector. This aligns to Haringey's locality-based working with the NHS and particularly primary care.

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 ensure the opportunity for small/micro, including not-for-profit

organisations and existing Small and Medium Sized Enterprises, to remain in or to enter the market

- Providers will be required to pay all care workers LLW bringing Haringey in line with the higher rates being paid by neighbouring authorities, which are increasingly affecting the ability of providers operating in Haringey to attract and retain good staff, thereby impacting on the quality of care we are able to provide. Employee wage is connected to the service providers' capacity to recruit and retain care workers, and continued non-payment of London Living Wage 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
- The new model will see improved workforce recruitment and retention through improved contractual arrangements
- Career progression pathways through greater skills development, workforce planning and linking in with NCL 'Proud to Care' initiative. Appropriately skilled care workers will be an essential part of the new model of care. This will ensure that care workers 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. An option to proceed with an in-house home support service was considered but rejected based on the assessed 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 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.

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 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 London Living Wage, 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 London Living Wage 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,
- 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, via services that are either directly commissioned by the council or through individual budgets, and almost 19,000 visits a week.

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. This method of commissioning is not conducive to market sustainability and can impact on providers' ability to recruit and retain care staff, provide continuity of care and adversely impacts on the Council's ability to source care in hard to serve areas as well as its ability to effectively manage performance of such a wide range of providers.

6.4. In 2018/2019, the council procured around 1,072,200 hours of home support and spent £15m. The average cost of an hour of home support is currently £14.22, although all new packages are being procured at £14.50 or above per hour.

6.5. 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 moving towards LLW and achieving best value

- 6.6.** The new model for home support is based on findings from a co-design 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.
- 6.7.** Furthermore, the Council is committed to introducing a strengths-based approach across all its social work services. The focus will be to understand people's strengths and the strengths and assets of their informal networks and local communities. This approach is based on building relationships with people to understand what is important to them and working with them to achieve their identified outcomes. It is, therefore, required that Service Providers work with all relevant social care services in a co-ordinated way to achieve the outcomes for an individual service user, eliminating duplication of provision and maximising the assets of individuals and local communities.
- 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. 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.** The Council is currently spending approximately £15m a year on externally funded home support (including external reablement) and estimates requiring externally commissioned providers to pay carers at a minimum of London Living Wage (LLW) would result in a rise in the hourly rate to around £18.50, to account for Haringey's outer London location. Inner London neighbouring boroughs Camden, Islington and Hackney are paying at rates inclusive of LLW of between £17.50-£18 per hour (2018/2019 rates).
- 6.10.** 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 both that we pay only for the outcomes delivered and providers are able to roster more effectively in a locality, reducing travel 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 currently is £11.56 per hour, which will be uplifted to accommodate LLW and associated on-costs. On this basis, the new rate will be around £13.35 per hour.

6.11. Procurement Process:

- 6.11.1. All service providers enrolled on the Dynamic Purchasing System (DPS) under Home Support Bundled Hours category were invited to submit a proposal in response to an Requirements (invitation to tender) for the bundled hours across the three (3) localities using the Dynamic Purchasing System (DPS).
- 6.11.2. Tenderers could submit an offer for each of the Localities and must submit one separate standalone offer per Locality they wished to bid for, and each offer was evaluated separately and scored accordingly. Tenderers would only be awarded a Service agreement for one Locality and were required to submit their preference of Locality by indicating first (1) second (2) and (3) choice. The successful tenderers will be awarded a Locality based on a ranking of overall scores of Quality (capability & outcome questions) and Price as set out in the Evaluation Methodology and the Method Statement issued with the Requirement.
- 6.11.3. By the deadline of 12th February 2020, 43 tenderers submitted their bids. All tenders were assessed against the Council's pre-stipulated evaluation criteria using a weighting of 40% quality and 60% price.
- 6.11.4. 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, Commissioning Officer and Haringey over 50s representative. The final consensus scores agreed by the Panel are summarised in 6.11.6 below.
- 6.11.5. In order to ensure all tenders considered meet an acceptable quality standard, tenderers were required to score a minimum of 200 points (50% of the total scores allocated to QDPs) in order to pass the quality evaluation.
- 6.11.6. The Quality and Price scores are added together to determine a Most Economically Advantageous Tender(s) for each Locality. The tables 1.1 to 1.3 below summarises the outcome of the tender evaluation and breakdown of quality and price scores achieved by each tenderer for each locality.

Further information about the tender evaluation is contained in Appendix 2 (Part B - Exempt Information) of this report.

Table 1.1 – Locality East Haringey

Service Providers (Tenderers)	Quality Scores (Out of 400 points)	Price Scores (Out of 600 points)	Total Scores (Out of 1000 points)	Ranking
Successful Tenderer A	364	544	908	1
Tenderer B	296	550	846	2
Tenderer C	240	600	840	3
Tenderer D	308	521	829	4
Tenderer E	288	539	827	5
Tenderer F	272	460	732	6
Tenderer G	Eliminated			
Tenderer H	Eliminated			
Tenderer I	Eliminated			
Tenderer I	Tenderer I submitted two separate offers with same qualitative delivery proposals but two different prices.			
Tenderer J	Eliminated			
Tenderer K	Eliminated			

Tenderer G to K listed in table 1.1 above, failed to meet the minimum quality requirement as set out in the tender documents and was therefore eliminated from the process with no further assessment.

Table 1.2 – Locality Central Haringey

Service Providers (Tenderers)	Quality Scores (Out of 400 points)	Price Scores (Out of 600 points)	Total Scores (Out of 1000 points)	Ranking
Successful Tenderer A	336	600	936	1
Tenderer B	288	570	858	2
Tenderer C	364	493	857	3
Tenderer D	260	562	822	4
Tenderer E	296	498	794	5
Tenderer F	288	499	787	6
Tenderer G	240	544	784	7
Tenderer H	308	472	780	8
Tenderer I	322	417	749	9

Service Providers (Tenderers)	Quality Scores (Out of 400 points)	Price Scores (Out of 600 points)	Total Scores (Out of 1000 points)	Ranking
Tenderer J	356	390	746	10
Tenderer K	Eliminated			
Tenderer L	Eliminated			
Tenderer M	Eliminated			
Tenderer M	Tenderer M submitted two separate offers with same qualitative delivery proposals but two different prices.			
Tenderer N	Eliminated			
Tenderer O	Eliminated			

Tenderer K to O listed in table 1.2 above, failed to meet the minimum quality requirement as set out in the tender documents and was therefore eliminated from the process with no further assessment.

Table 1.3 Locality West Haringey

Service Providers (Tenderers)	Quality Scores (Out of 400 points)	Price Scores (Out of 600 points)	Total Scores (Out of 1000 points)	Ranking
Successful Tenderer A	288	599	887	1
Tenderer A	Tenderer A had submitted duplicate offers			
Tenderer B	260	600	860	2
Tenderer B	Tenderer B had submitted duplicate offers			
Tenderer C	296	524	820	3
Tenderer D	288	514	805	4
Tenderer E	308	497	802	5
Tenderer F	272	439	711	6
Tenderer G	Eliminated			
Tenderer H	Eliminated			
Tenderer I	Eliminated			
Tenderer J	Eliminated			
Tenderer K	Eliminated			

6.11.7. The successful tenderers outlined in the tables 1.1-1.3 above scored the highest for both price and quality. It is therefore recommended to award

Service Agreements in all localities to those providers which have scored the highest rank.

6.12. The Council has undertaken a market review of the existing services and the market generally and has received feedback from service providers. As a result of this review the Council acknowledge 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 acknowledges that other London boroughs are paying the LLW and in order to not disadvantage its residents and service users, the Council has committed to covering the costs of service providers paying its care workers and staff delivering the Services no less than the LLW.

6.13. Furthermore, in November 2018 Haringey Council became a fully accredited LLW borough and is committed to work with our suppliers and partners to encourage them to pay the LLW to their employees.

6.14. As such, it is a provision of the Service Agreement that successful tenderers are required to pay all their employees engaged in the provision of the services an hourly wage (or equivalent of an hourly wage) no less than the LLW published by the Living Wage Foundation from the commencement of the Service Agreement and provide to the Council information demonstrating the payment of the London Living Wage to its employees engaged in the provision of this service.

6.15. The Council is also committed to increase the hourly rate in line with LLW inflationary increase at anniversary of the Service Agreement.

6.16. As part of the Service Agreement, the Service Providers are required to develop strategies to recruit Haringey residents and retain a competent, sustainable workforce staff, with effective pay, terms and conditions, contracts, training, support and professional development. This requirement will be monitored during the contract meetings.

6.17. Contract Management

6.17.1. Contract management 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.

6.17.2. 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.

- 6.17.3. Key areas of discussion in the contract meetings will include, but not be limited to:
- service user feedback;
 - contracted hours;
 - performance in relation to the Specification, the Requirement and the Offer;
 - medication errors and refusal to take medication.
 - number of care workers used to deliver the Services; and
 - payment of the London Living Wage to the service providers employees who carry out the Services (the service providers must provide the relevant payroll information)

A Service Provider’s failure to pay the London Living Wage to employees engaged in the provision of the Services will be a serious breach of the Service Agreement and penalties will be imposed which will result in a temporary suspension until evidence is produced and payment of LLW to employees backdated. The contract meetings will also monitor breaches in other areas of the contract and dependant on the breach, penalties will be instigated in line with the KPI damages for breaches.

7. Contribution to strategic outcomes

- 7.1. This project proposal helps to support the Priority 2 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 contracts of three years commencing from 1st April 2020 with an option to extend for further period of up to two years until 31st March 2025. Maximum contract cost is £12,449,500m. This will be met from existing resources within Adult Social Care, which is fully funded from the General Fund and assumed to continue in future years. There is sufficient funding to cover the full cost of this contract over five years.

- 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 table below represents the maximum contract value by locality.

Locality	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Central	£635,375	£822,250	£822,250	£822,250	£822,250	£3,924,375
East	£697,667	£667,333	£667,333	£667,333	£667,333	£3,367,000
West	£669,375	£1,063,125	£1,141,875	£1,141,875	£1,141,875	£5,158,125
Total	£2,002,417	£2,552,708	£2,631,458	£2,631,458	£2,631,458	£12,449,500

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 2015
- 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
- 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 or choice for those residents using direct payments. However, the full capacity of each locality has not been met; commissioning will, therefore, re-tender to fulfil these requirements in the meantime, Commissioning will continue to meet demand via the DPS home support market
- 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 partnerships 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

8.3. Legal

- 8.3.1 The Assistant Director of Corporate Governance notes the contents of the report.
- 8.3.2 Pursuant to the provisions of CSO 9.07.1(d), Cabinet has the authority to approve contracts valued at £500,000 or more.
- 8.3.3 Strategic Procurement has confirmed that this procurement complies with the rules of the Home Support DPS.

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 A 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 A: Equalities Impact Assessment

9.2. Appendix B: Exempt Information (Part B of this report)

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.