

Decision Maker: Executive

Date: 20th July 2011

Decision Type: Non-Urgent Executive Key

Title: **GATEWAY REVIEW - PROCUREMENT STRATEGY FOR DOMICILIARY CARE SERVICES**

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Chief Officer: Terry Rich, Director of Adult and Community Services

Ward: Boroughwide

1. Reason for report

The contracts for the current domiciliary care services expire in February 2012. In accordance with requirements for Gateway reviews, this report seeks approval from the Executive for the recommended procurement strategy for the new contracts and for interim arrangements from February to August 2012.

2. **RECOMMENDATION(S)**

The Executive is asked to:

- a) Approve the proposal to waive competitive tender requirements to continue the existing contractual arrangements for a further six months until 27th August 2012, and
- b) Agree to conduct an open tender for a framework for domiciliary care services. The framework would be let for 5 years from 28th August 2012 with an option to extend for up to 2 years, the options to be exercised by the Director of Adult and Community Services in consultation with the Adult and Community Portfolio Holder.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Supporting Independence.
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Financial

1. Cost of proposal: Estimated cost Approximately £8.7m per annum.
 2. Ongoing costs: Recurring cost.
 3. Budget head/performance centre: 824***3614 and 818***3614
 4. Total current budget for this head: £8,733,730
 5. Source of funding: ACS Domiciliary Care budgets (Older People and Physical Disabilities)
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Staff

1. Number of staff (current and additional): n/a The service is provided by external agencies
 2. If from existing staff resources, number of staff hours: n/a
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Legal

1. Legal Requirement: Statutory requirement.
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There are approximately 1500 people receiving domiciliary care services in Bromley.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The Council's strategy for care is to support independence by moving away from a reliance on residential care towards community-based services which support people to remain in their own homes. Domiciliary care services are key to achieving this aim. The focus of this report is on the domiciliary care services primarily used by older people and people with physical disabilities. The community support services provided to people with learning disabilities and mental health are not covered in this report and are subject to a separate commissioning strategy.
- 3.2 Since the Executive decision on 8th December 2010 to close the in-house homecare service, all domiciliary care services are now provided by external providers.
- 3.3 Currently contracts are held with 23 providers to provide domiciliary care services. Following a full competitive tender process in 2005, contracts were awarded to ten 'preferred' providers. These providers deliver more than 60 per cent of the business. The contracts are fit for purpose in providing the flexibility needed to enable service users to exercise choice and control over how they receive their care as they are not 'block' contracts and providers have not been guaranteed any minimum hours.
- 3.4 Since the contracts were awarded in 2005, new providers have entered the market and some existing providers have diversified their business. Additional contractual arrangements have been put in place with these providers so that they can help to meet the changing demands of domiciliary care and to provide care in areas which preferred providers find it difficult to cover such as double-handed care, dementia and hospital discharges and rural areas. Approximately 25 per cent of the business is delivered by these providers.
- 3.5 All of the current contracts expire on 27th February 2012 with no provision to extend.

Extension of current contracts

- 3.6 Benchmarking information from comparator authorities suggests that there are financial benefits to be gained from re-tendering for domiciliary care services as it is likely to result in more competitive rates. It was not proposed to start the procurement process earlier in 2011 which would have allowed for the new contracts to be awarded before the expiry date of the current contracts as during this period large numbers of care packages were being transferred from the in-house service to external providers as the in-house service was being closed down. Announcing a tender process at this time may have caused instability in the market which could have impacted on the careful balance of supply and demand needed to ensure a smooth transfer of work.
- 3.7 As a tendering process of this size requires at least 12 months lead in, the Executive is asked to agree to waive competitive tender requirements and extend the existing contracts for six months until 27th August 2012 to enable a full tender exercise to be carried out.

Procurement Framework

- 3.8 For the longer term, it is proposed that tendering is undertaken to set up a framework agreement for domiciliary care services. Tendering for the framework would start in October 2011 and would create a five year framework agreement. Providers would be asked to submit price and quality responses (weighted 60% price and 40% quality) with the top 25 (maximum) being awarded places on the framework. The framework will be in place by the end of the existing contracts' proposed expiry date (27th August 2012).
- 3.9 New work will be called off the framework following a mini-competition and awarded to the most cost effective provider. Providers are able to reduce their prices at any time during the lifetime of

the framework and the Council is not bound to use the framework if for any reason it prefers not to do so.

- 3.10 If existing providers are not successful in being awarded a place on the framework, it is not proposed at this stage to transfer their existing care packages to the new providers unless the tender process has identified issues of quality or significant cost discrepancy. The financial implications of this will form part of the evaluation process.
- 3.11 The framework will be tendered using the Due North electronic tendering system. The Due North system allows companies to submit expressions of interest and tenders online giving the Council greater visibility of market interest, reducing the administrative burden of the tendering process for all parties and gives the Council access to a potentially wider market of suppliers through on line advertising thereby increasing the potential for value for money from the procurement process.
- 3.12 The results of the tender will be reported to the Executive to agree the final award of contracts.
- 3.13 As part of the procurement process, officers will be seeking efficiencies in the delivery of services whilst maintaining quality and reliability.

4. POLICY IMPLICATIONS

- 4.1 Domiciliary care services are key in meeting the Council's objective of Supporting Independence.

5. FINANCIAL IMPLICATIONS

- 5.1 The domiciliary care contracts will be funded by the domiciliary care budgets for adults with physical disabilities and older people (£8.7m in 2011/12) in Adult and Community Services. The proposals to extend the existing contracts by a further six months and to undertake a tendering process to set up a framework agreement will not have any adverse impact on these budgets.
- 5.2 The local and national strategic direction for social care is to support more people in their own homes rather than in residential nursing care. This approach, together with increasing number of older people in Bromley requiring care suggests that the demand for domiciliary care will increase over the next few years. However, since the contracts were awarded in 2005 there have been significant policy changes in social care as a result of the personalisation agenda which have had an impact on the demand for domiciliary care services and may result in reductions in the number of hours of care delivered. Overall, the volumes of domiciliary care planned hours over the past three years has remained relatively stable at around 15,000-16,000 hours per week. As noted in para 3.3 the current contracts do not rely on guaranteed hours being awarded to providers and this will remain the case for the framework arrangement.
- 5.3 Domiciliary care contracts are monitored through a robust quality assurance programme. The majority of service-users are satisfied with the service they receive and there are no significant quality concerns. Where concerns have been identified the contracts monitoring team has taken effective action to address them.

6. LEGAL IMPLICATIONS

The Director of Resources and Assistant Director of Finance having confirmed their support to the proposed waiver of the need for competitive tendering for the 6 month extension, Members may authorised this under CPR 13.1

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	