
Report to:	Overview and Scrutiny Committee (Adult Social Care and Health)	Date of Meeting:	27 June 2017
Subject:	Domiciliary Care Contracts - Future Tender	Wards Affected:	All Wards
Report of:	Head of Commissioning Support & Business Intelligence		
Is this a Key Decision?	Yes	Is it included in the Forward Plan?	Yes
Exempt/Confidential	No		

Purpose/Summary

The purpose of this report is to seek approval to commence a procurement exercise for the provision of Domiciliary Care services.

The report also includes details of the proposed procurement approach under Liverpool City Region (LCR) / Tripartite (Sefton/Knowsley/Liverpool) joint working arrangements, the development of a new outcome based service model and consultation and engagement activities.

Recommendation(s)

Cabinet to approve the following;

1. Extension of existing contracts for an additional one month period (1st April 2018 to 30th April 2018) in order to implement joint commissioning with Knowsley MBC under Liverpool City Region / Tripartite joint working arrangements;
2. Commencement of a procurement exercise for Domiciliary Care services from 1st May 2018 onwards, in cooperation with Knowsley MBC and Liverpool CC under Liverpool City Region / Tripartite joint working arrangements;
3. Delegation of decisions regarding the configuration of service delivery areas, contractual terms, tender evaluation criteria and the outcome based service specification to the *Director Social Care and Health* in consultation with the Cabinet Member Adult Social Care. Such decisions will be made in advance of the procurement exercise commencing.
4. Delegation of the decision to award contracts, following the procurement exercise, to the *Cabinet Member – Adult Social Care*;

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	x		
2	Jobs and Prosperity	x		
3	Environmental Sustainability	x		
4	Health and Well-Being	x		
5	Children and Young People		x	
6	Creating Safe Communities	x		
7	Creating Inclusive Communities	x		
8	Improving the Quality of Council Services and Strengthening Local Democracy	x		

Reasons for the Recommendation:

Following the Cabinet decision made on 3rd November 2016, existing Domiciliary Care contracts were extended for an additional twelve month period (1st April 2017 to 31st March 2018).

The Council has explored a joint commissioning arrangement for the replacement service with Knowsley Council and approval for a further one month extension of the Sefton contracts is now requested in order to align the end dates of the Sefton and Knowsley contracts and facilitate this joint commissioning.

Approval is also being sought to commence a procurement exercise for the provision of Domiciliary Care services from 1st May 2018, in order to ensure continuity of service and implementation of a revised model of service.

Alternative Options Considered and Rejected:

The following options were considered and rejected;

1. **Further extending existing contracts up to 31st March 2019** – this option was rejected as an increased extension (to 31st March 2019 – which is the maximum extension period under the existing contractual terms) would significantly delay the implementation of a new model of service thus delaying the benefits of such a model being realised.

2. **New Directions as a Council owned provider being awarded a Domiciliary Care contract for the whole borough of Sefton from 1st May 2018** – this option was considered but is not recommended as it is felt that at this present time New Directions would be unable to deliver a borough wide service and awarding a contract for all services to one Provider would be a risk, based on having a limited market, and could impact on delivery of the Personalisation agenda by limiting choice for Service Users and people funding their own care as other non-contracted Providers may withdraw from the Sefton market . Furthermore awarding a contract to a sole Provider would not support partnership Tripartite commissioning or work across the wider Liverpool City Region aiming to achieve benefits through joint procurement and contracting.

What will it cost and how will it be financed?

(A) Revenue Costs

Revenue costs with respect to the new contracts will need to be met from existing Domiciliary Care budgets. The current cost of Domiciliary Care is £10m per annum. .

(B) Capital Costs

There are no capital costs associated with the implementation of the recommendations within this report.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial		
Legal		
Care Act 2014 Care and Support Statutory Guidance		
Human Resources		
None		
Equality		
1.	No Equality Implication	<input type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input checked="" type="checkbox"/>

Impact of the Proposals on Service Delivery:

Should the recommendations be approved, the service delivery would be amended with the implementation of a more outcome based service model which will aim to have a more positive impact on Service Users as it will seek to provide a more flexible and responsive service. In addition new contractual arrangements will seek to ensure that service delivery issues (such as those concerning continuity of care), which have been highlighted by the Overview & Scrutiny Committee (Adult Social Care) – *Care Services (Domiciliary) Working Group* are more robustly performance managed.

What consultations have taken place on the proposals and when?

The Head of Corporate Resources (FD 4674/17) and the Head of Regulation and Compliance (LD.3958/17) have been consulted and any comments have been incorporated into the report.

The approach to consultation and engagement was presented to the Public Consultation and Engagement Panel on 19th May 2017, which encompasses consultation / engagement during the service model formulation, tendering and contract implementation stages. Advice and guidance from the panel has been used to inform the plan. Consultation also continues to take place with Providers both by Sefton individually and as part of Liverpool City Region work programmes.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting.

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Background Papers:

There are no background papers available for inspection

1. Introduction/Background

- 1.1 Existing Domiciliary Care contracts were awarded from 1st April 2012 following a competitive tendering exercise. Contracts were awarded across six areas of the borough to a total of four Providers. Two Providers currently deliver services in one contracted area each and two Providers deliver in two areas each.
- 1.2 The contracts had an initial term of five years and included the option to extend for an additional period up to two years. Since the initial awarding of the contracts in 2012, one Provider has withdrawn from the Sefton contract and one Provider is currently in the process of withdrawing from one of their two contracted areas, with an alternative Provider in the process of being secured.

- 1.3 On 3rd November 2016 Cabinet approved the recommendation to extend the current contracts for a further twelve month period (1st April 2017 to 31st March 2018).
- 1.4 When approving the extension Cabinet were informed that during the period of extension work would be taking place to develop, review and test new ways of working with a view to implement a revised model of service within new contracts from 1st April 2018, which would be more outcome focussed and a move away from commissioning services on a prescriptive basis.
- 1.5 Since the Cabinet approval to extend existing contracts work has, and continues to take place, developing the new model of service and this includes a *Trusted Assessor* pilot, which is detailed further in 3.2 of this report. This work will inform the revised service specification, contractual arrangements and tender documentation.
- 1.6 Currently Sefton, as with other Domiciliary Care markets in the North West Region, is being affected by capacity problems and Providers are highlighting issues such as recruiting and retaining sufficient numbers of care staff. Providers have stated that this is due to existing fee rates being insufficient and factors such as the *National Living Wage*. An external organisation (RedQuadrant) have been commissioned by Sefton to look at the Domiciliary Care sector, particularly with respect to proposals for future fee rates and supporting the Council aim of further implementing all of the stages of the *Ethical Care Charter*, by having a fee rate which sustains the market.

2. Liverpool City Region & Public Sector Reform Working

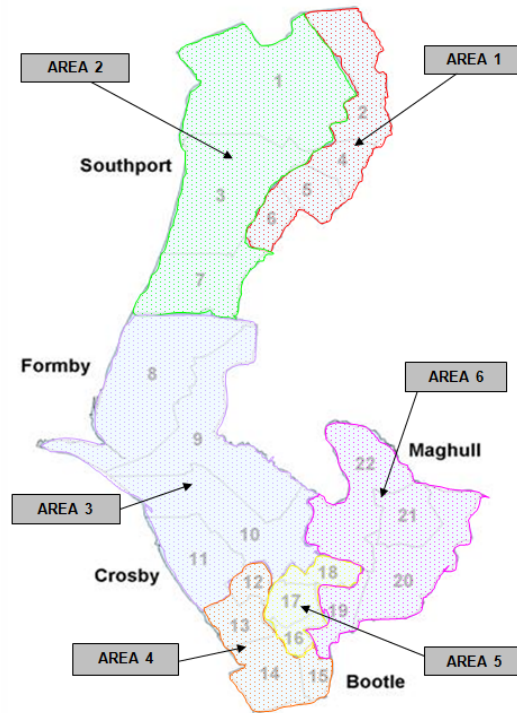
- 1.1 As part of Liverpool City Region joint working it has been identified that there is scope for Tripartite joint commissioning for Domiciliary Care services with Knowsley M.B.C initially and potentially Liverpool City Council in the future, in order to benefit both Local Authorities and Providers by having shared services and standardised service delivery and contractual arrangements. It is therefore proposed (detailed further in section 4 of this report) that the tender exercise will be conducted jointly with Knowsley MBC and the tender and contractual arrangements will be formulated in a way as to allow other Liverpool City Region Local Authorities to join the arrangements in the future, as at this stage their existing contractual arrangements may not allow them to join and/or they may not wish to join at present as such changes may destabilise their own Provider market.
- 1.2 However, at present Knowsley MBC's existing contractual arrangements, together with their own Cabinet approval timeframes mean that approval to commence a joint commissioning exercise with Sefton and subsequent awarding of contracts cannot be authorised in time for new contracts to commence on 1st April 2018. It is therefore recommended to further extend existing Sefton contracts to 30th April 2018. This one month extension will allow for joint commissioning to occur and supports the key aims of the Liverpool City Region work programmes.
- 1.3 In addition, the proposed approach will also benefit Sefton as such joint commissioning falls within the remit of, and delivers the aims of *Public Sector Reform Workstream 10 – Commissioning and Shared Services* and also

Workstream 2, with respect to supporting the Personalisation agenda, via commissioning services which focus on meeting Service Users desired outcomes.

3. The New Model of Service

- 1.4 A revised service specification is being developed, based on an existing specification being used by a Liverpool City Region Local Authority. This specification has;
- A greater focus on achieving outcomes and will ensure Providers work to an enabling approach, thus supporting the move to greater independence;
 - Ensuring Providers signpost Service Users to community / voluntary sector services in order to further increase their independence;
 - A greater focus on staffing and supervisory issues – to ensure services are delivered more effectively; and
 - Targets relating to continuity of care – as issues regarding Service Users receiving care from numerous different staff have been identified as a concern for Service Users and their families. This issue was also highlighted by the *Care Services (Domiciliary) Working Group*.
- 1.5 In addition, one of the main changes will be to give Providers a *Trusted Assessor* role whereby they have greater flexibility to increase and decrease care packages (in agreement with the Service User) in order to respond to changes in need more rapidly, as opposed to them currently identifying potential changes to packages and such changes only occurring once a full Social Work review has been conducted. Such an approach will also assist with meeting Service User outcomes and ensuring that capacity in the market is 'released'. The Trusted Assessor role is in the process of being piloted with existing Providers.
- 1.6 Whilst the new service model will have a greater outcomes focus, it will not be the case that a full outcome based model will be implemented at the start of the contract. Such a model would encompass a full move away from Time & Task commissioning (i.e. agreeing visit times and required care tasks) and it is felt that such a model represents a significant change to existing ways of working which is untested and the market is not fully prepared for. However, the new contract will stipulate that it is a future aim to implement such a model and that its development will be conducted in partnership and co-production with Service Users and Providers.
- 1.7 It is also proposed that a contractual requirement will be for Providers to have *Electronic Call Monitoring (ECM)* in place. This is essentially a system for recording information such as when visits have taken place and their duration but some systems can also capture the activity undertaken during the visit. This requirement will support better contract performance monitoring, in terms of volume and quality of service provided, and to identify and rectify issues such as missed visits. It is also important to state that ECM will not be used to pay Providers based on minute-by-minute service delivery.
- 1.8 Work is taking place reviewing existing Sefton arrangements with respect to the configuration of service delivery areas in the borough, with a view to re-aligning the

areas and combining them with other Local Authority areas. The map below details the current six contracted areas;



1.9 As part of joint arrangements with Knowsley M.B.C. it is envisaged that Area 6 could be combined with the neighbouring part of Knowsley (Kirkby) as both areas have experienced capacity issues and combining them would prove to be a more economically viable option for any future Provider. However, it is recommended that final decisions regarding the configuration of contracted areas be designated to the *Director of Social Care and Health* to ensure that decisions made meet Adult Social Care operational and service delivery requirements.

4. The Future Procurement of Domiciliary Care Services

1.10 The following timetable has been produced for the tender exercise;

Soft Market Testing / Supplier Event / Finalisation of Invitation to Tender (I.T.T)	June/July/August 2017
Tender Advertised on CHEST	4 th September 2017
Tender Return Date	6 th October 2017
Evaluation of Responses - including Clarification, Moderation and Interviews	9 th October 2017 - 17 th November 2017
Submit Report to Cabinet Member – Award of Contracts	January 2018
Call-in & Standstill Period	January 2018
Award of Contracts	January/February 2018
Implementation Period – including engagement with Service Users, establishing finance systems,	February 2018 – April 2018

contracts formulation etc.	
Contracts Start Date	1 st May 2018

- 1.11 The timetable has been formulated in order to both allow a sufficient implementation period (February – April 2018) and so that the tender is not advertised during the summer holiday period where all potential bidders may not view the tender opportunity or have sufficient time to submit their tender. The timelines has also been formulated as any new contracts typically involve a change of Provider for Service Users and such a change needs to be managed with Service Users being regularly informed and supported during the change. However, it is important to highlight that TUPE arrangements could apply meaning that actual staff delivering care to Service Users may not necessarily change.
- 1.12 As mentioned in Section 2.1 it is proposed that the tender exercise will be conducted jointly with Knowsley M.B.C in the first instance with a framework type arrangement being established so that other Liverpool City Region authorities are afforded the opportunity to join the framework in the future at a time that best suits their own commissioning cycles.
- 1.13 Collaboration with other authorities can have great benefit but also introduces additional complexity, particularly in relation to agreeing detail around methodologies, specifications, cost and coordinating decision making. In order to maximise flexibility to develop an agreed approach along the lines set out in this report, whilst ensuring the best arrangements for Sefton, it recommended that decisions regarding the specific configuration of service delivery areas, contractual terms, tender evaluation criteria and the outcome based service specification are delegated to the Director of Social Care and Health in consultation with the Cabinet Member Adult Social Care. Such decisions will be made in advance of the procurement exercise commencing
- 1.14 The tender will encompass evaluating bids based on the most economically advantageous tender and it is proposed that the evaluation will be based on an assessment of Quality and Social Value (for example 95% Quality and 5% Social Value), with price not being a contributory factor in evaluations as the price (typically the hourly rate paid) will be set by Sefton and Knowsley. Therefore contracts will be awarded to the bidder/s who demonstrate the highest quality/social value submission for the budget that the Local Authorities intend to commit. This will benefit Sefton and Knowsley by ensuring that there is a primary focus on commissioning the highest quality services which in turn will benefit Service Users. It is recommended that decisions on the evaluation criteria be designated to the *Director of Social Care and Health* to also ensure that the quality criteria and questions tenderers are asked to respond to, are based on ensuring that future services meet Adult Social Care requirements.
- 1.15 In addition, the above approach to the evaluation of tenders is recommended as Sefton has commissioned an external organisation (RedQuadrant) to conduct a Market Oversight exercise of the Domiciliary Care sector and this has included an assessment of rates required which will support the Domiciliary Care sector and the desire of Sefton Council to further meet the aims of the Ethical Care Charter. The aim of this exercise will be to establish a fee rate, based on a thorough understanding of the market, and therefore this fee rate will be set by the Council thereby not requiring tenderers to submit rates for evaluation.

1.16 The proposed term of the contract is yet to be agreed but it is presently anticipated that contracts would be awarded for a period of between 3-6 years, structured around an initial core contract period and one or more optional extension period(s) (e.g. 3 year initial core contract period with provision to extend for 1-3 further twelve month periods). The purpose of building contracts around core and extension periods is to ensure that the quality of the contract is maintained throughout the life of the contract and to ensure that the Council, particularly at times of financial uncertainty has flexibility to bring contracts to a conclusion and/or is able to refine services and or goods received under the contract.

1.17 Following the evaluation of tenders it is recommended that decisions regarding the awarding of contracts be designated to the *Cabinet Member – Adult Social Care*.

5. Consultation & Engagement

1.18 The following Consultation and Engagement approach has been presented to the Public Consultation and Engagement Panel on 19th May 2017;

Stage	Overall Aim / Details	Timeframes
Trusted Assessor Pilot	<p>Pilot to assess the benefits of, and to inform the development of the proposed new model of service.</p> <p>The pilot will encompass a contracted Provider initially identifying Service Users whose care package could be amended.</p> <p>A Customer Experience Form will also be developed with the Provider prior to the pilot commencing for use with Service Users who have had changes to their care package implemented during the pilot to assess how the changes have impacted on the service they receive.</p> <p>It is also proposed that a focus group will also be held with Service Users to review the outcomes of the pilot and to gain feedback on it.</p>	May – July 2017
Review of Existing Surveys	Surveys (such as the Adult Social Care survey) will be reviewed to use feedback to inform the development of the new model of service.	May – July 2017
'Supplier' events	Events to be held with both existing and potential new Providers in order to outline to them the procurement process and timeline, the new model of service and the desired outcomes	July/August 2017
Public Engagement & Consultation Panel	Feedback to the panel on the outcome of the pilot and the impending tender exercise.	September 2017
Contract Mobilisation	<p>Engagement will be required with Service Users / families / advocates regarding the new contractual arrangements as this could include a change of Provider for Service Users.</p> <p>However, it is important to state that due to TUPE regulations any changes may not include a change to Service Users care</p>	February 2018 – April 2018

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- 1.19 The plan has been formulated to ensure that the new model of service is informed by, and reflects, concerns and issues highlighted and reported together with engaging with the Provider market to outline to them the tender process and timescales. The plan also takes into account ensuring that following the awarding of new contracts, Service Users are regularly engaged with to ensure that they are supported through any changes.