

**SURREY COUNTY COUNCIL****CABINET****DATE: 22 JULY 2014****REPORT OF: MR MEL FEW, CABINET MEMBER FOR ADULT SOCIAL CARE****LEAD OFFICER: DAVID SARGEANT, INTERIM STRATEGIC DIRECTOR ADULT SOCIAL CARE****SUBJECT: SURREY COUNTY COUNCIL HOME BASED CARE SUPPORT SERVICES****SUMMARY OF ISSUE:**

Officers are seeking Cabinet approval to award a contract for the provision of Home Based Care support services to the providers listed in the Part 2 report (item 23) effective 1 October 2014.

In response to the changing requirements and demographics of Surrey as well as considering the impact of the implementation of the Care Act (2014), officers undertook a joint tendering exercise with the Surrey Downs Clinical Commissioning Group (CCG), who is the lead Commissioner for continuing healthcare, to identify the most appropriate way to deliver Home Based Care (HBC) in Surrey. This tendering exercise has secured suitable providers for the provision of home based services.

**RECOMMENDATIONS:**

It is recommended that Cabinet agrees to award a Strategic Partnership Contract (SPC) for the provision of Home Based Care (HBC) support services for vulnerable adults in Surrey, to the bidders listed within Annex 1 of this report.

**REASON FOR RECOMMENDATIONS:**

A comprehensive review of Home Based Care support services and the market was carried out during 2013, identifying a need to replace the existing arrangements to enable a new approach to commissioning and delivering services. This led to the development of the Strategic Partnership Contract (SPC) and an Any Qualified Provider (AQP) contract model, established through a competitive tendering exercise. This was conducted in compliance with EU Procurement Legislation, and Procurement Standing Orders. The recommendations provide best value for money for the council and CCGs (jointly referred to as the commissioners).

## **Background and options considered**

### **Background to Home Based Care (HBC)**

1. Providing HBC support services to vulnerable adults in Surrey is a statutory obligation of the council which is delivered through external HBC providers. This service supports the Adult Social Care (ASC) directorate by enabling individuals (service users) to continue to live independently in their own homes.
2. HBC involves a range of health and social support services for all service user groups and includes personal care (such as support with getting up, getting washed, eating and drinking), non-personal care (such as support with shopping, household cleaning and laundry) and specific healthcare activities (such as end of life support).
3. The council currently delivers HBC support services to circa 4,800 service users equating to approximately 8,000 calls a day, with an annual expenditure of £45 million forecast for (2014/2015 financial year). The contract value for the SPC is anticipated to be between £26m and £36m per annum (based on the current rate of take up from the existing framework providers). The balance of service expenditure will be placed with providers on the AQP list on a spot basis. This will cover requirements where the SPC provider lacks capacity, the service user has exercised specific provider of choice, or requires a specialist niche service (such as learning disabilities or sensory needs).

### **Current HBC framework agreement**

4. The HBC framework agreement, jointly tendered with the CCGs, (formerly NHS Surrey), was let on 14 April 2012, for an initial two years, with the provision to extend for a further two years.
5. In April 2014 the council and the CCGs reached the fixed period of the framework providing an opportunity to review the current commissioning and contract model.
6. In the first two years of the framework, due to limited capacity of providers, 20% of all packages of care were placed off the HBC framework, resulting in increased direct and indirect costs to commissioners and at times unnecessary delays in starting new packages of care due to limited capacity.
7. The results of the review identified a need to implement a new contract and specification to meet future demand of the increasing population and the statutory requirements from the Care Act (2014). Accordingly it was decided not to grant the extension under the existing framework contract.

### **Options Considered**

8. Officers identified 5 options available. Having considered all benefits and risks of each option and following consultation with the HBC Reference Group in August 2013, it was agreed to extend the existing framework for 6 months

and implement a new contract from 1 October 2014. This would allow officers to conduct a thorough co-design process and identify the key requirements of the new contract.

### **Key requirements of the contract**

9. Officers identified a number of key requirements of the contract, which formed the basis of the SPC tender. Providers listed within annex 1 submitted a bid complying with the following requirements:
  - Improving the quality of care delivered
  - Ability to monitor calls in real-time
  - Be able to take on start packages of care 7 days a week, 365 days a year.
  - Provide the necessary level of capacity

### **What will the contract look like?**

10. The existing framework agreement will be replaced by a Strategic Partnership Contract (SPC)
11. The SPC is based on a flexible block arrangement which can be adjusted in line with the volume of new packages the council expects to commission each quarter. This contract will enable providers to build cost effective and efficient 'rounds' which will provide the council with a reasonable level of capacity. To achieve this, the council will guarantee to offer 40% of all new hours commissioned in each zone to the Strategic Provider (as outlined in Annex 2 – SPC Zones).
12. The benefits of this contract model mean providers can pro-actively recruit in line with expected demand, and be assured the council will offer them a level of pre-determined volume of work. This will enable commissioners and providers to develop a true partnership approach.
13. To mitigate the risks this anticipated volume will be jointly reviewed with the provider each quarter and adjusted according to the forecast increase/decrease in demand.
14. The SPC also includes performance incentives and measures linked to payment.
15. In the event that SPC providers cannot deliver the actual capacity of demand arising, or where the individual has expressed a provider of choice, the council have a standby outlet in the use of placements with AQP on a spot basis.

### **Tendering process**

16. The council led the procurement exercise in conjunction with the Surrey Downs CCG, acting as lead Commissioner on behalf of the five other CCGs. Surrey Downs CCG were involved in every step of the process.
17. The restricted tender process was carried out in three stages:
  - Pre-Qualification (PQQ),

- Invitation to Tender (ITT),
- Interview and Clarification discussion with short-listed providers.

18. Each stage had a number of qualifying questions which bidders had to successfully pass in order to be considered for the next stage of this tendering process.

19. At ITT stage bidders were asked to demonstrate their understanding of the new service specification and contractual requirements. At the interview and clarification stage bidders were asked to present their proposals for delivering an outcomes-based approach with the support of the wider community, including Friends, Family and Community support.

### **CONSULTATION:**

20. Commissioners sought the feedback and active involvement from a number of internal and external stakeholder groups throughout the co-design and tendering process. Stakeholder groups included providers, individuals from the voluntary and independent sector representing those receiving care and their families. Feedback was also sought from:

- quality assurance monitoring reports.
- customer satisfaction surveys.
- research findings.
- provider's performance monitoring returns from the existing HBC framework providers.

21. The HBC Reference Group is a group of stakeholders who provide oversight of the contract management process as part of the governance of the current framework agreement. They are made up of individuals representing the views and concerns of Individuals (receiving support), Carers and providers were informed of the outcomes throughout the exercise. The representatives included:

- Action for Carers
- Age UK (Surrey)
- Surrey Care Association (SCA)
- Surrey Coalition
- Surrey Disabled People's Partnership
- Adult Social Care staff groups including commissioners, Quality Assurance and Personal Care and Support.
- Procurement and Commissioning (Business Services Directorate)

22. The SCA also supported discussions with potential bidders on the new contract model and real time monitoring systems. Officers attended SCA meetings throughout autumn 2013 and spring 2014 with advice and guidance on commissioners intentions.

#### **The following were additionally consulted:**

Mel Few (Cabinet Member for Adult Social Care)  
 Adult Select Committee Members  
 Dave Sargeant, (Interim Strategic Director, Adult Social Care)  
 Anne Butler (Assistant Director, Commissioning)

Quality Assurance Managers (Adult Social Care)  
 Laura Langstaff (Procurement and Commissioning Manager, Business Directorate)  
 Anna Tobiasz (Category Manager, Adults)  
 Andrew Hewitt (Principal Accountant, Finance)  
 Naz Fox (Senior Lawyer, Legal Services)

**RISK MANAGEMENT AND IMPLICATIONS:**

Category	Risk Description	Mitigation Activity
Provider Failure	Potential risk to service users or their carers/family should provider be unable to deliver care to the highest standard.	<ul style="list-style-type: none"> <li>• New contract model enable commissioners to build strategic partnerships with providers (increasing trust, communication and transparency between both organisations enabling early intervention)</li> <li>• Key Performance Indicators (KPIs) to measure the effectiveness of provider's service</li> <li>• HBC monthly risk matrix (reviewing all providers performance with feedback from contract management teams and quality assurance)</li> </ul>
Financial	Affordability of a viable, ongoing service in light of current nationally publicised pressures, e.g. zero-hours contracts, national minimum wage, living wage, integration of health and social care services.	<ul style="list-style-type: none"> <li>• Commissioners have not pre-determined a price and encouraged bidders to submit a sustainable price</li> <li>• Guarantees and performance bond sought where appropriate</li> <li>• Financial checks undertaken during the tendering process</li> </ul>
	Increasing demand for services will increase the budgetary pressures	Integrating Family, Friends and Community support for holistic outcomes, e.g. inclusion of non-personal care will be actively encouraged
Reputational	Providers failing to meet their full contractual obligations	The implementation of the SPC will enable commissioners to build a partnership approach with providers therefore mitigating risks associated with service delivery. Some KPI's have also been linked to payment of services rendered. Commissioners also have the right to terminate the contract with 3 months notice if a SPC provider continuously fails to meet their

		contractual obligations
	Lack of transparency of missed and late calls.	A requirement of the new SPC is for providers to implement real time monitoring of calls, which will provide commissioners with transparency of calls delivered on time.
	Cultural changes in implementing “outcomes focused approach”	New specification empowers providers to move from “task” to “outcomes” based commissioning, promoting greater personalisation and outcomes focused approach for individuals.

### **Financial and Value for Money Implications**

23. This approach will increase the capacity and coverage for commissioned home care services across Surrey and allow easy access to suitable emerging providers. The enhanced contract specification will deliver 7 days per week, 365 days a year pick up response, real time monitoring of staff encourage an outcome-focused approach and the use of Friends, Family and Community support.
24. Since implementation of the current framework agreements in April 2012, no inflationary increases have been awarded. The new contracts hold inflation at zero for the first two years ahead of agreed increases linked to the Consumer Price Index for the remainder. Tighter performance arrangements allow up to five percent of costs to be reclaimed if targets are not met, and for additional administration / sourcing costs incurred due to provider failure to be reclaimed.

### **Section 151 Officer Commentary**

25. The contract rate effectively covers 4.5 years of inflation and provides additional benefits and enhancements. This represents excellent value for money, as the new contract model is broadly cost neutral across the HBC budget for the first two years, ie inflation is fully absorbed. We will continue to evaluate the costs, as the exact position in 2015/16 will depend on the speed of transition to new contract rates and the mix in practice between strategic providers and others.

### **Legal Implications – Monitoring Officer**

26. Following approval by the Procurement Review Group, a full competitive tendering process has been undertaken by the Council in accordance with the Public Contracts Regulations 2006 and the Council’s Procurement Standing Orders. Legal Services have advised on both model Contracts including the Consortium Agreement between the council and the CCGs.
27. The bespoke contract has been prepared by the council Legal Services in liaison with the Clinical Commissioning Groups Legal representative.

28. This is based on the terms and conditions of the existing HBC framework agreement, between the council and the successful providers. The Clinical Commissioning Group (CCG) will call off from the contract through an Access Agreement.

29. The working relationship and responsibilities of each commissioning party will be clearly outlined within a Consortium Agreement, signed by each CCG in Surrey. The Consortium Agreement will indemnify each party for any losses or expenses incurred by any party within the agreement and recognise the role of the lead CCG - Surrey Downs.

**Equalities and Diversity**

30. The proposals have a positive impact on residents and staff with protected characteristics and no adverse impacts have been identified. The Equalities Impact Assessment is attached as Annex 4.

31. Summary of the key points include:

<b>Information and engagement underpinning equalities analysis</b>	Commissioners have consulted with a wide range of stakeholders in the engagement carried out section of this report
<b>Key impacts (positive and/or negative) on people with protected characteristics</b>	There are no anticipated negative impacts on people with protected characteristics. There are positive impacts due to the new contractual model and service delivery model. Benefits include enhanced service specification, more responsive, effective and efficient sourcing processes, prompt weekday and weekend hospital discharges.
<b>Changes you have made to the proposal as a result of the EIA</b>	The contracted zones have been revised from 4 to 18 and the number of zones each bidder can be awarded through the tendering process
<b>Key mitigating actions planned to address any outstanding negative impacts</b>	Any provider who submitted a bid will automatically be included within the AQP contract, with the exception of any who received less than 20% of the total score for their SPC submission.
<b>Potential negative impacts that cannot be mitigated</b>	N/A

**Safeguarding responsibilities for vulnerable children and adults implications**

32. The implementation of real time monitoring will support the safeguarding and quality monitoring processes by enabling providers to produce an audit trail demonstrating the timeliness of all their calls.

33. There are no changes to the responsibilities of providers or commissioners as a result of this contract award process.
34. The specification and contract clearly states the expectations of the commissioners with regards to the providers' responsibilities.

#### **Public Health implications**

35. There are no significant implications to Public Health

#### **Climate change/carbon emissions implications**

36. The new localised zones should reduce the travel time of Care Workers, thereby reducing their carbon emissions. A full assessment of the benefits and implications of this contract can be found within the Equality Impact Assessment.

#### **WHAT HAPPENS NEXT:**

37. Should officers obtain approval from Cabinet to award this contract, the next steps will be:
- Formally award the new contract to providers outlined in the Part 2 report
  - Seek ratification and agreement of the result and final sign off with Surrey's CCGs
  - Implementation of the new contract
  - Contract is due to commence on 1 October 2014
  - Adults Leadership Team will be kept informed during implementation as appropriate.

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#### **Consulted:**

Please refer to the consultation section of this report.

#### **Annexes:**

Annex 1 - Names of the successful SPC providers  
Annex 2 – SPC Zones  
Annex 3 - SPC Zones by Postcode  
Annex 4 – EIA

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Part 2 report (item 23) -Names of the successful SPC providers and scores