

SURREY COUNTY COUNCIL

CABINET

DATE: 5 FEBRUARY 2013

REPORT OF: MR MICHAEL GOSLING, CABINET MEMBER FOR ADULT SOCIAL CARE AND HEALTH

**LEAD OFFICER: SARAH MITCHELL, DIRECTOR, ADULT SOCIAL CARE
ANDREW FORZANI, HEAD OF PROCUREMENT AND COMMISSIONING**

SUBJECT: DIRECT PAYMENT INFORMATION ADVICE AND SUPPORT SERVICE: APPROVAL TO AWARD A CONTRACT



SUMMARY OF ISSUE:

To award a contract to Surrey Independent Living Council for the provision of the Direct Payment Information Advice and Support Service to commence on 1 March 2013. The report provides details of the commissioning and procurement process, including the results of the evaluation process, and, in conjunction with the Part 2 Annex, demonstrates why the recommended contract award delivers best value for money.

Due to the commercial sensitivity involved in the contract award process, the financial details of the potential supplier have been circulated as a Part 2 Annex for Members.

RECOMMENDATIONS:

It is recommended that:

1. the information relating to the procurement process, as set out in this report, be noted; and
2. the award of a contract to Surrey Independent Living Council be agreed on the basis set out.

REASON FOR RECOMMENDATIONS:

The existing contract will expire on 28 February 2013. A full tender process, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders has been completed, and the recommendations demonstrate that best value for money for the Council will be delivered following a thorough evaluation process.

DETAILS:

1. This report recommends that a contract be awarded to Surrey Independent Living Council (SILC) for the provision of Direct Payment Information Advice

and Support to commence on 1 March 2013. The Contract value is detailed in the Part 2 Annex (circulated separately to Members).

2. By awarding the contract to Surrey Independent Living Council, we will continue to receive a high quality of service at a competitive rate. SILC is a Surrey based voluntary sector supplier.

Background and options considered

3. The Government's Putting People First agenda (DOH, 2007) and the sector partnership Think Local Act Personal (DOH, Nov 2011) stress that the increase in Direct Payments should be a key priority for councils as they continue to transform social care and work towards making personal budgets available to people eligible to receive them over the next two years. As such personalisation and the increase in personal budgets is outlined in the Adult Social Care Directorate Strategy 2012—2017.
4. Since April 2003 Adult Social Care has had a statutory duty to make Direct Payments available to those eligible to receive them and who are willing and able (alone or with assistance) to use them. Direct Payments are therefore a right not a privilege for those eligible to receive them. On 9th November 2009 significant changes were made governing Direct Payments, new legislation extended Direct Payments to people who lack capacity and people with mental health problems.
5. Direct payments are cash payments given to service users or carers in lieu of community care or carers services they have been assessed as needing, and are intended to give people greater choice in their care and support. The payment must be sufficient to enable the service user or carer to purchase services to meet their eligible needs, and must be spent on services that meet eligible need. The County Council must offer a direct payment to the parent of a disabled child or adult receiving a care package or carer who is offered a carers service. Like community care services, direct payments for adults are means-tested so their value is dependent on a person's income and assets as well as their eligible needs.
6. Direct payments confer responsibilities on recipients to decide how their eligible needs are met, either by employing people, often known as personal assistants, or by purchasing services for themselves or their child. People can get support in fulfilling these responsibilities from direct payment support services commissioned by local authorities, In Surrey this is currently through the existing provider, Surrey Independent Living Council – a user-led organisation. This contract therefore delivers the ongoing required support and advice to all service users.
7. SCC is continuing to increase the current levels of Direct Payments in line with current legislation and Government targets which require all authorities to provide personal budgets to 70% of people eligible for support by April 2013. Children's services are currently working on a pilot for personal budgets. If the pilot is successful there will be a planned implementation in 2014, for personal budgets across the Directorate. SCC is committed to supporting people to remain as independent as possible. SCC will promote and increase the use of Direct Payments, including Carer's Direct Payments and Direct Payments to support young carers, and is working collaboratively with carers' organisations and the NHS to help achieve this.

8. The existing contract for the provision of Direct Payment Information Advice and Support will expire on 28 February 2013. A full tender process, compliant with the European Public Procurement Regulations and Procurement Standing Orders, has been carried out following the receipt of authority from Procurement Review Group (PRG) on 13 June 2012. This included advertising the contract opportunity on Surrey County Council (SCC) e-Sourcing portal (BravoSolution).
9. This project was jointly undertaken by Adult Social Care (ASC) and Children's Social Care. In the spirit of one Council, Children's and Adult Services agreed to run a joint tender for this service as a whole. This has allowed for the purchasing of the services on an economy of scale basis and will ensure that SCC achieves value for money in the delivery of these services.
10. Co-design and co-production are at the heart of any service design. This ensures best value by developing services that the public value and need. Extensive consultation was carried out, through a questionnaire and meetings with existing and potential service users and carers. All views and comments have been considered through a Commissioning Reference Group, consisting of nominated representatives of users and care groups.

Procurement Strategy

11. Several options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These included review of the service requirement, whether the contract could be split into smaller lots or the service disaggregated into discreet packages.
12. After a full and detailed options analysis it was decided to invite tenders for the complete information, advice and support service as this demonstrated best value for money from the options appraisal completed. The purpose of tendering was for the service to test the market jointly in spirit of one Council and ensure that best value for the residents of Surrey is obtained.
13. The objective of going out to tender was to derive the following benefits:
 - To test the market allowing us to establish whether we are achieving value for money.
 - To run a joint tender with Children's Services who are currently receiving similar services from the same provider. This was to allow for the purchasing of the Services on an economy of scale basis and ensure that SCC achieves value for money in the delivery of these services. Also to ensure smooth hand over of support when young people reach the age of 18.

Use of e-Tendering and market management activities

14. Steps were taken to stimulate interest for this service, which was introduced to the supply base through a series of meetings and a provider event. Use of the electronic e-Sourcing platform managed the competitive process that was open and transparent to all involved. The provider event included a joint presentation from Procurement and the ASC Commissioner – this presentation also included detailed instructions on the use of SCC e-Sourcing portal (BravoSolution) and a questions and answers session.

Key Implications

15. By awarding a contract to Surrey Independent Living Council for the provision of Direct Payment Information Advice And Support to commence on 1 March 2013, the Council will be meetings its duties and ensuring best possible outcomes for people using services and carers is achieved.
16. Performance will be monitored through a series of Key Performance Indicators as detailed in the contract and reviewed at monthly operations meetings.
17. Performance reporting demonstrates that Direct Payments are continuing to increase and we have evidenced good customer satisfaction levels through customer feedback mechanisms and service user forums.
18. Activity demonstrates that in the past three years the numbers of people in receipt of a Direct Payment rose by 71% to an overall figure of 2361. In the last year the increase was 15%. In the past 3 years, the numbers of carers in receipt of ongoing Direct Payments increased overall by 51%. Alternative Direct Payment options such as supported managed accounts are now well established. Over 340 people now being supported through a Supported Managed Account, this compares to 33 people 2 years ago.
19. The management responsibility for the contract lies with the Senior Manager ASC Commissioning and will be managed in line with the Contract Management Strategy and plan as laid out in the contract documentation which also provides for review of performance and costs. The Direct Payment Reference Group, which will include ASC, Children's Services, user and carer representation will continue to undertake quarterly reviews of the performance of the contract to ensure it delivers the outcomes and performance specified.

Competitive Tendering Process

20. The contract has been let as part of a competitive tendering exercise. It was decided that the open tender was appropriate because of the limited supplier base.
21. An invitation to tender was published and providers given were given 6 weeks to complete and submit their tender. Tenders were to be evaluated against published criteria and weightings of 65% quality and 35% price.
22. There was interest during the Tender process from a number of providers but only one competitive Tender was submitted. One reason for the limited response was related to possible pension liabilities linked to the staff eligible for TUPE. The Tender was evaluated against the published criteria and weightings, the results being that this Tender was compliant.

CONSULTATION:

23. Internal – Procurement Review Group, Officers from Adult Social Care, Children's Services, Finance, Legal and Procurement.
24. External – Representatives from Surrey Coalition of Disabled People and the Joint Surrey Carers' Commissioning Group. The specification for the service

was developed through a co design process involving a questionnaire sent to over 2,000 existing Direct Payment Service users; four open access Consultation meetings held across Surrey and negotiation through the Direct Payment Reference Group with representation from Surrey Coalition of Disabled People & Action for Carers (Surrey).

RISK MANAGEMENT AND IMPLICATIONS:

- 25. The contract includes a Termination Clause. This will allow the Council to terminate the contract with three months notice should priorities change or funding no longer be available.
- 26. To mitigate any shortcomings should these arise in delivering services to SCC Terms & Conditions of the Contract include standard provision for:
 - Recovery of monies on behalf of the council
 - Default
 - Dispute resolution.
- 27. The tenderer successfully completed satisfactory financial checks as well as checks on competency.
- 28. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Social Capital Loss – proposed provider is user led organisation – and currently operates within Surrey.	If we did not award contract to recommended provider we would need to consider how we might redeploy existing employed resource to preserve social capital investment in work valuable employment opportunity for disabled people
	Failure of Contracted Supplier	Performance manage the provider. Support with Business Continuity Planning and monitoring. Understand other potential providers and barriers to entry (TUPE)

Reputational	No alternative Surrey based user led organisation bid for the tender	User led was a key feature of co-design. Market development work should be carried out to encourage other providers to tender for this service in future. Surrey would need to consider capital resource to provide an appropriate accessible site for any alternative organisation to operate from
Reputational	The innovative use of carer direct payments including those made in partnership with health GPs has led to significant praise from Government Ministers. Ceasing this activity would therefore risk significant criticism from Government, health organisations in Surrey and from carers.	Ceasing of the Contract would mean a high risk of loss of £1.3 million in income from health for Carer payments made on the recommendation of GPs. Without this resource there would be likely to be additional requests for service to SCC and a risk of break down in caring situations resulting in a need for SCC funded care packages

Financial and Value for Money Implications

29. Full details of the contract value and financial implications are set out in the Part 2 Annex.
30. The specification has altered from the existing contract so as we are commissioning a service that is not like for like specific savings/additional costs are not applicable. However the Supported Managed Account (SMA) element is directly comparable and at the existing volumes would see a potential £158k saving per annum. In addition to this a change in process may also enable VAT on these amounts to be reclaimed, which in some cases will benefit the individual and in some cases benefit SCC.
31. Expenditure will fluctuate depending upon volumes of service subsequently commissioned / delivered.
32. No contractual obligation to award an inflationary increase has been agreed.
33. Non-cashable benefits will include the creation of an Apprenticeship placement as well as working with local communities in Surrey in order to support and develop social value as detailed in the contract.
34. An incorporated PA finder service if developed successfully will potentially reduce impact on social care sourcing teams, and reduce cost and impact on the home based care framework.
35. Using existing provider provides benefits in system continuity and reduced change management.

36. As a user led service the contract delivers wider social capital benefits such as peer support but importantly skilled paid employment for people who have a disability.
37. The new contract will also include significant enhancement in the Key Performance Indicators (KPI), reporting requirements and the service levels being delivered under the contract.

Outcomes and Performance Measures

38. Performance Trends: There is a consistent trend of increased volumes of Direct Payments being awarded year on year, and practice improvements have shown a determined increase in volumes of Direct Payments offered. We therefore anticipate increased volumes (subject to the impact on any policy revision) resulting in more cost effective support planning and improved choice and control for residents.

The Service Provider will be required to provide the following information:

- Type of Direct Payment
 - Demographics / Geographical spread
 - Type of Service accessed
 - Use of Direct Payment
 - Timeliness of Service provision
 - Measures of Service outputs
 - Access to services
 - Awareness & engagement
 - Quality Assurance
 - Delivery of outputs
 - Managing Demand
 - Value for money
 - How individual's outcomes are managed and monitored.
39. It is not envisaged that further savings could be achieved whilst maintaining the service delivery and quality aspects.

Section 151 Officer Commentary

40. The S151 Officer confirms that all material financial and business issues and risks have been considered in this report. All material financial and business issues and risks have been considered in this report: the provision is not fully comparable on a like-for-like basis with that provided at present, but will be overall cost-neutral at current volumes and with some service enhancement.

Legal Implications – Monitoring Officer

41. Responsibility for the provision of the service is in line with the statutory requirements / part of the Council strategic requirement.

Equalities and Diversity

42. An equalities impact assessment has not been completed as the results of this procurement process do not impact on any policy or other decisions and is neutral in any impact.

43. This tender was conducted on the principles of co-design and co-production and equalities issues were considered throughout the process.
44. There are no TUPE implications as the recommended provider is the current incumbent.

Corporate Parenting/Looked After Children implications

45. The Contract includes support for parents and carers of disabled children and for young carers and effective use of direct payments supported through the contract can help reduce the risk of family breakdown and of children or young people needing to be looked after by the local authority. There are no implications to the awarding of this contract for LAC purposes.

Safeguarding responsibilities for vulnerable children and adults implications

46. The terms and conditions of the Contract which the provider will sign stipulate that the provider will comply with the Council's Safeguarding Adults and Children's Multi- Agency procedures, any legislative requirements, guidelines and good practices as recommended by the Council. This is monitored through contractual arrangements.

WHAT HAPPENS NEXT:

47. Subject to approval, the provider will be advised of the intention to award the contract. Following on from the Cabinet Call in period and 10 days standstill the contract will be issued to the recommended provider for signature and return to SCC to be sealed and stored in line with Procurement Standing Orders.
48. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	12 February 2013
'Alcatel' Standstill Period	26 February 2013
Contract Signature	26 February 2013
Contract Commencement Date	1 March 2013

49. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.
50. Thereafter performance management will be undertaken with the provider, and a market stimulation and review exercise will be undertaken jointly by Procurement and Commissioning with a view to identifying options for 2015 and onwards.

Contact Officer:

Jean Boddy – Senior Manager – ASC Commissioning - 01483 518474
 Nicola Sinnett, Category Specialist Procurement, (CAE) – 020 8541 8746

Consulted:

Sarah Mitchell – Strategic Director for Adult Social Care

Anne Butler – Assistant Director for Commissioning
Christian George – Category Manager, Adults
Ayo Owusuh – Legal Services
Joint Carers' Commissioning Group
Sandy Thomas – Specialist Service Manager, Children's and Safeguarding Service
Paul Carey-Kent – Strategic Finance Manager – Adults
Andrew Forzani – Head of Procurement and Commissioning

Annexes:

Part 2 Annex – Financial information (Exempt information circulated in Part 2 of the agenda)

Sources/background papers:

None

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