

Open Report on behalf of Alina Hackney, Pete Sidgwick and Justin Hackney

Report to:	Adults Scrutiny Committee
Date:	9 December 2015
Subject:	Community Support Procurements

Summary:

This report summarises the background, decisions, activities, and outcomes resulting from this year's Community Support Procurement programme including Homecare Services, Community Supported Living Services and Children with Disability Homecare Services.

Action Required

The Adults Scrutiny Committee has the opportunity to reflect on the material within this report.

1. Background

1. Community Support Services Programme Summary

1.1 This year the Council was required under the Public Contracts Regulations 2015 to re-tender a number of its core social care services.

1.2 These being Homecare services for Older Persons and Physical Disabilities (OP/PD), Community Support Living (CSL) services as well as Homecare for Children with Disabilities.

1.3 Homecare and Community Supported Living are critical statutory services which are at the front line of providing care to Lincolnshire residents. Without these services the impact on the wider health system would be far reaching and highly disruptive.

1.4 This represented a substantial proportion of the total contracted out services for Adult Care totalling over £30m per annum and was carried out at a time of major change within the Council on a number of fronts including; the introduction of the Care Act, the new Procurement Regulations, Contributions Policy Changes, Residential Rate Reviews, the introduction of Agresso and development of Mosaic, as well as the necessary re-letting of the Re-ablement Contract.

- 1.5 A new commercial model for Homecare and Community Support Living was proposed and discussed by the Scrutiny Committee in February 2015.
- 1.6 The procurement exercises for Homecare and Community Support Living were initiated in March and concluded successfully in June.
- 1.7 Following a three month transition period from July to September the old Community Support Framework contracts ended and the new Homecare Services commenced under the new Prime Provider model.
- 1.8 Since the services commenced in October the focus has been on managing Provider performance, quality, capacity and risk.

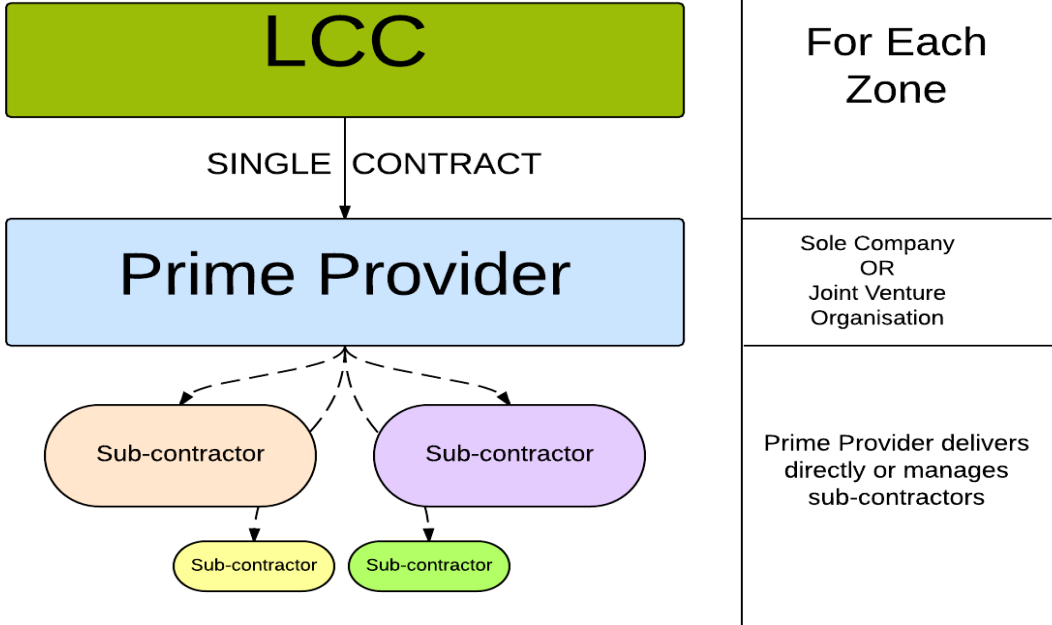
2 New Commercial Model for Homecare

- 2.1 Prior to the new commercial model the Council contracted with 70 homecare providers for the delivery of OP/PD services across the County and these contracts concluded on 30 September 2015 with no further extensions available.
- 2.2 A natural product of the extensive fragmentation in the market was that operating costs were replicated across every provider and in turn that cost and inefficiency was redistributed back to the Council in addition to the internal costs of managing so many providers across the County.
- 2.3 Furthermore, the lack of guaranteed demand with any particular provider meant that businesses are less able to achieve a sustainable financial footing which in turn affects their ability to retain staff and ensure they are able to meet demand. The inability of many homecare providers to establish a sustainable, well-trained workforce with sufficient capacity to meet needs was a significant factor in limiting care choice for service users.
- 2.4 Continuing in a framework model would be able to address the cost pressures that result from market fragmentation. By guaranteeing a committed level of demand to a smaller number of providers many of the pressing issues faced by businesses would be alleviated. In giving this certainty of income, the provider is able to better manage their costs, establish a viable operating financial model which covers their overheads, allows for profit, as well as improving their ability to retain staff which continues to be a key operational concern.
- 2.5 The new commercial model discussed at the Scrutiny Committee was designed to address a number of rapidly escalating concerns within the homecare market and to better manage increasing demand for services in an environment of decreasing budgetary resources.
- 2.6 By arranging contracts into larger strategic blocks comprised of 12 separate zones of activity, as well as providing a new rate based on an objective cost assessment of homecare activities, the Council is better able to achieve a

position wherein it can be confident the new contracts will offer the best chance of improving market conditions and service quality as a whole.

- 2.7 In each zone the Council would appoint a single 'prime provider' who would act as exclusive lead in delivering homecare services within that area.
- 2.8 Prime providers would not necessarily have to deliver the entire care provision in their zone, but would be contractually obliged to manage any sub-contracting work to the same standard as if they had delivered it directly.
- 2.9 It was identified very early on in the process of determining the right commercial model that consolidation on such a scale may disadvantage a number of strategically important providers in Lincolnshire who may not be able to offer a viable solution solely by themselves. Therefore, the approach taken was fully supportive of the ability for providers to put forward a collaborative bid, led by a single provider, but comprised of a number of smaller organisations. Additional support was offered to organisations who were considering joint working.
- 2.10 In addition to this prime providers under contract were required to sub-contract 10% of the individual annual contract value to Small Medium Sized Enterprises (SME) providers in order to retain a degree of choice and competition within local markets. However, if a joint venture or consortium is comprised of SMEs that would in principle automatically satisfy this requirement.

Homecare Prime Provider Model



3 Community Supported Living

3.1 Community supported living services for people with a learning disability operates in a different nature when compared to the homecare element of the community support framework in the following ways:

- Prior to the new contracts community supported Living provision was already structured into a quasi-prime provider model with the 'Big Five' providers accounting for 80% of provision and the top ten providers accounting for 95%.
- There was little to no over-lap between community supported living and homecare providers.
- Community supported living service users (and their family carers) have already exercised a positive choice over who provides their care and where they choose and continue to live.

3.2 As a result it was decided to carry out a separate procurement exercise for community supported living services and establish an 'Open Select List' of providers. This would operate as a flexible framework that would retain the existing quality and continuity of care for Service Users as would allow the Council to make strategic sourcing decisions for the future.

4 Market Rate

4.1 As part of the decision making process and the Scrutiny Committee's consideration, specific regard was made to the rate paid to providers for delivering care. This exercise started from a 'zero base' and constructed an hourly rate which considered all the component costs in delivering homecare in order to reach a figure that was fair to the market and affordable to the Council.

4.2 The financial modelling was completed using data from 2014/15 and took into account a predicted increase of 4%. The block element of the contract would represent 80% of the predicted number of hours required for each zone, the final 20% would be for volume over and above the 80%, but would be charged at the same rate.

4.3 A separate rate for community supported living was also being constructed based upon the same analysis for the OP/PD rate, but taking into consideration the more specialist nature of care involved as well as the particular market characteristics of community supported living.

4.4 Children's Services undertook their own work on rates modelling, using the same methodology as applied for Adults but using Children's specific benchmarking data.

4.5 The rates modelling work was updated at the end of March 2015 to reflect the change to the National Minimum Wage. Final figures/rates were issued with the Invitation To Tender.

5 Communication

- 5.1 The Council's Communications Team was approached prior to any decision making and market engagement in December 2014, to support with the delivery of an overarching communications strategy for all Community Support Programme activities.
- 5.2 With the Communications Teams support, a number of activities were planned and carried out in order to support the programme including:
- Increasing the visibility and accessibility of the procurement by filming of one of the market engagement events. This was hosted on the Council's website along with all the supporting documentation so interested parties were able to get as full a picture as possible as to the forthcoming changes.
 - Developing Lincolnshire County Council Connects and *My Choice My Care* as a central portal that summarises the progress of the programme and holds all material produced to date.
 - All service users were written to in February 2015 making them aware of the procurement process, and given contact details of people should they have concerns.
 - A further letter was sent to all service users on 29 June 2015 to advise them of the outcome of the procurement and how it would impact them.
- 5.3 In addition to this a dedicated telephone team was established using experienced resource from within Lincolnshire County Council to respond to service users' concerns. This team remained in place throughout July. From August all calls were diverted to the Customer Service Centre Adult Care Team.
- 5.4 The Customer Service Centre Adult Care Team were fully briefed to ensure a consistent message and professional response to Service User queries.

6 Governance And Decision Making

- 6.1 Since the start of the programme there has been a robust governance arrangement in place to provide the necessary oversight and carry out the required decision making in line with the Council's constitution.
- 6.2 **Appendix A** – Community Support Governance sets out the structure and membership of the respective governance groups.
- 6.3 *Key Decisions and Governance Gateways*
- 25 February 2015 – The Adults Scrutiny Committee recommended that the new commercial model for homecare services and community

supported living should proceed, with the procurements necessary to establish new contracts, the decision to be taken by the Director of Adults Social Services in consultation with the Executive Councillor for Adult Care and Health Services, Children's Services.

- 27 February 2015 – Adult Care Procurement Board approved the procurement documentation for release.
- 10 March 2015 - Adult Care Executive DMT was given update on the results of the market engagement phase and initial success of collaboration workshops
- 22 April 2015 – Adult Care Executive DMT was updated with the preliminary results of the Pre-Qualification Questionnaire process and the candidates being taken forward to Invitation to Tender.
- 23 April 2015 – Special Adult Care Procurement Board signed off Pre-Qualification Questionnaire evaluation decision and Invitation to Tender documentation.
- 12 June 2015 - Special Meeting of the Adult Care Procurement Board to review evaluation outcomes prior to final approval.
- 16 June 2015 – the Director of Adult Social Services, in consultation with the Executive Councillor for Adult Care and Health Services, Children's Services reviewed the evaluation report, approved the award of contracts to those bidders evaluated as successful through the procurement process, and authorises the Commercial Team to notify all Providers taking part in the procurement of the outcome of the procurement exercise.

7 Procurement Phase

Timeline

- 7.1 A timeline of the overarching procurement programme can be found in **Appendix B**.

Market Engagement

- 7.2 In February 2015 the Council held three pre-tender market engagement events for Adults and Children's Homecare across the county (Grantham, Lincoln, Horncastle) in order to share the new commercial model for homecare and community supported living. Providers were able to ask questions and give feedback to the Council as a result of this initial engagement. The Lincoln event was filmed and the video published on Lincolnshire County Council Connects.
- 7.3 As noted previously a key consideration of the commercial strategy for Homecare was to ensure the local market for care services was able to properly respond to the challenge. Due to the high number of providers in

Lincolnshire it was clear that additional consideration should be given to SME Providers. Therefore, to further support SMEs in Lincolnshire the Council commissioned additional resource through Greenborough Management who carried out two further workshops with any interested Provider in establishing a collaboration. This involved specific training in the legal aspects of forming a collaboration, financial considerations, how to manage staff and many other factors. In addition to this those Providers who then decided to pursue a collaboration were able to tap into ongoing support from Greenborough to develop and finalise agreements. This was funded by the Council at no cost to all interested bidders which subsequently proved to be highly successful with five collaborative bids comprising of existing SME Providers being awarded lots for Adult's Homecare.

- 7.4 The Lincolnshire Care Association (LinCA) held a *Provider Partnership Event* on 19 March 2015 to help facilitate the creation of consortiums/ sub-contracting arrangements.

Homecare Tender

- 7.5 The procurement process was advertised via the use of Contract Notice under the Light Touch Regime of the Public Contracts Regulations, this was issued via a formal Official Journal of the European Union Notice on 27 March 2015.
- 7.6 The procurement process undertaken consisted of a two stage process, namely:
- (i) Stage One - Pre-qualification (Selection)
 - (ii) Stage Two – Invitation to Tender (Award)
- 7.7 The opportunity was split into two parts, one for the provision of Adults homecare and another for Children's. Bidders were able to apply for one or both of the available services as their capability suited.
- 7.8 The Council received 31 Pre-Qualification Questionnaires with 26 applications for Adults Services only, three applications for Adults and Children's Services, and two applicants for Children's Services only
- 7.9 After evaluation of the Pre-Qualification Questionnaires, the Council identified 24 candidates to Invitation to Tender.
- 7.10 Seven providers did not pass the Pre-Qualification Questionnaire phase. Debrief letters were issued to these providers which contained the necessary feedback, setting out the reasons for their failure to move to the next stage.

Invitation to Tender stage

- 7.11 Successful candidates were then invited to tender on 27 April 2015. A bidder's day was held on 5 May 2015 to take bidders through the tender

pack explaining the salient points as well as all the mandatory steps they had to cover in order for their bid to be compliant.

7.12 The deadline for bids was 8 am on 26 May 2015. Prior to the Invitation to Tender deadline five bidders informed the Council of their intention to not offer a bid. This meant that 19 bids were received. They were evaluated against two measures:

- Adherence and acceptance of the Council's financial offer.
- Assessment of bidders responses to questions i.e. quality. This was scored out of 100 marks and broken down into a total of twelve questions for Adults Services, focusing on how Providers will deal with the significant challenge of transition, as well as how they will deliver an effective and safe service that meets the Service User's needs. Children's was evaluated in a similar manner with a stronger focus on meeting demand and outcome focused working given the different position Children's Services are currently in.

Adults Homecare Evaluation Criteria

Tier 1 Criteria	Tier 1 weighting	Tier 2 Criteria	Tier 2 Weighting
Transition and Mobilisation	20		
Service Quality	70	Effective Service	45
		Safe Service	10
		Positive Experience	15
Carers Emergency Response	5		
Extra Care	5		

Children's Homecare Evaluation Criteria

Tier 1 Criteria	Tier 1 Weighting
Transition and Mobilisation	8
Delivery and Volume of Service	28
Flexible and Outcomes Focussed Service	28
Service User Involvement	8
Partnership Work	8
Monitoring Performance/Quality Assurance	8
Safeguarding	12

7.13 A team of evaluators, one for Adults and one for Children's, then scored each of the 19 responses received. The scores were then moderated as a group to ensure consistency, that all evaluators had a common understanding of the proposals, and to agree the scores were a fair representation of the quality of each bid. The scores were then applied to the stated evaluation weightings resulting in a final score for each bidder. The top twelve bidders were then allocated a zone based upon their score and their stated lot preferences resulting in total coverage for all zones.

Evaluation Results – Adults

Zone	Provider	
Boston	CRG Homecare	Sole Provider
Gainsborough	Carewatch Care Services	Sole Provider
Grantham	Compleat Care (UK) Ltd	Consortium bid with Walnut, Town and Country, Bloomsbury and Atlas Care Services
Hykeham	Sevacare (UK) Ltd	Sole Provider
Lincoln	Mears	Sole Provider
Lincoln South	Sage Care (Help at Home)	Sole Provider
Louth	Libertas Louth Consortium	Consortium bid with Walnut, HICA and The Beeches
Market Rasen	Hales Group Ltd	Sole Provider
Skegness	Walnut Care Ltd	Consortium bid with SunnyView and Town and Country
Sleaford	Care at Your Home (Country Court Care Ltd)	Sole Provider
Spalding	Atlas Care Services Ltd	Consortium bid with Home from Home. (Sub-contracting with Homecare Helpline, Town and Country, Advance, Wellbeing, Walnut and Bloomsbury)
Stamford and Bourne	Bloomsbury Homecare	Consortium bid with Homecare Helpline (Compleat Care). Atlas Care Services, Walnut and Town and Country

- 7.14 Within the twelve successful bids there were a total of five collaborative bids made up of existing, local, Community Support Framework providers that have come together to establish a network of Providers able to deliver services at a higher level than they would have been able to on their own.
- 7.15 The other seven are 'sole providers' who will directly deliver the majority of care directly. However, they will still be required to pass through at least 10% of the annual block element to SME Providers. In addition, CRG Homecare as a new nationally active provider will introduce new capabilities and capacity into the Lincolnshire market.
- 7.16 Four bids were submitted for the Children's element of homecare services. Only two responses scored sufficiently high to form a viable bid. As a result the available lots were allocated to Lincolnshire Community Health Services

NHS Trust (LCHS) and another provider, based upon their score and stated lot preference.

- 7.17 As with the Adults contracts the competition successfully resulted in total coverage for the County delivering services at a much more competitive rate than the prior provision.
- 7.18 Mid way through the transition period the other provider notified the Council of its desire to withdraw their offer in respect of their Children's homecare in order to focus on their Adults Homecare contract. As LCHS had expressed a desire to offer services county wide the Council agreed to make this change, resulting in LCHS being responsible for all zones.

Community Supported Living Open Select List

- 7.19 The Council received 25 Application Forms and after evaluation of the Application Forms, the Council identified 21 potential bidders to be invited to join the Open Select List. The 21 successful applicants account for approximately 99% of existing service provision for Community Supported Living services.
- 7.20 Support will be purchased flexibly based on assessed need so that it can be reviewed to meet any fluctuations in individual needs. The number of support hours commissioned may vary up or down based on assessment of need by the commissioner.
- 7.21 This Open Select List will be used where appropriate for individuals whose outcome requirements require continuous support or care provision (which can be provided in the form of on call or assistive technology provision). Individuals who have more sessional support and care requirements, or whose housing options make them inappropriate for supported living (for example living with parents), will typically have their needs met through Domiciliary Care arrangements.
- 7.22 From a financial perspective, the rates tendered will be able to be delivered within budget for 2015/16 and is a sustainable financial model for the 5 year term of the contract based on existing economic and demographic conditions.

Post Award

- 7.23 Twelve new contracts for Adults Homecare Services and one for Children's were awarded following the requisite ten day standstill period starting 16 June 2015 and successfully concluding on the 26 June 2015. The transition period then started from 29 June 2015 to run for three months concluding with full services commencing on 26 September 2015.

8 Transition Phase

- 8.1 Upon award of contracts the new prime providers had a three month transition period to properly mobilise into the new service. This happened along side the Community Support Framework contracts winding down and would allow the new Providers to coordinate with exiting Providers to effect a proper transfer of work.
- 8.2 On 26 September 2015, the 'service commencement date', all prime providers would then be required to deliver services in their zone as per the contract i.e. meeting all demand either directly or via sub-contractors.
- 8.3 The Council has had in place a Transition Working Group since contract award that analyses and coordinates the necessary activities that Providers are undertaking as well as monitoring the risk position of Providers both individually and overall. This takes into consideration the following;
- Number of transfers undertaken throughout the transition period.
 - The planned dates for remaining transfers and the level of assurance as to these dates.
 - Recruitment progress including numbers of staff appointed or in the process of being recruited.
 - How and when TUPE transfers are being progressed including any knock-on effect for each Provider.
 - Progress in addressing the list of pending cases to be picked up.
 - Highlighting specific concerns with Providers as well as wider market issues.
 - Reviewing Provider performance particularly with regard to reports of poor practice.
 - Recruitment progress including numbers of staff appointed or in the process of being recruited.
 - Ensuring there is coordination within the Council when interacting with Providers and the community.
- 8.4 In addition to the highly focused work being carried out on managing transition progress the Council is also providing additional support to the sector by co-delivering with LinCA a new targeted social media recruitment drive highlighting the need and opportunity of working with prime Providers in their zones. It is hoped that this, alongside the Providers own recruitment activity, will raise the overall number of prospective staff within the sector.
- 8.5 Over the three month transition period over 3,500 Service Users have now transferred to the new Prime Providers. On the 26 September 2015 there were 29 cases that did not successfully transfer. Since then and with extremely close management by the Commercial Team the number of cases that failed to transfer dropped quickly over the following week with all Service Users now receiving care.

8.6 The transition period was highly challenging for all Providers given the scale and complexity of the necessary work. As with any major change of business but especially, in the context of Homecare services, there were a number of factors that made the process more challenging including:

- TUPE and staff retention – a number of Prime Providers have reported that they received a much lower than anticipated number of staff transferring under TUPE. Throughout the transition period and into the contract the Council has supported the market as much as is possible with regard to the proper application of TUPE regulations, but as a third party to these arrangements it was not possible to intervene directly on behalf of one Provider or another. In addition, a number of Prime Provider staff are already moving to the re-ablement contract Provider Allied Healthcare due to improved terms (wage and mileage) which has had a material effect on a number of the Prime Provider's capacity levels.
- The increase in Direct Payments has led to a degree of fragmentation that is counter to the block contract model. In some cases relatively large tranches of Direct Payments in concentrated areas has meant previously established rounds are no longer viable or harder to serve. Again, the role of Direct Payments has also contributed to the less than expected level of TUPE transfers to Prime Providers. In time, the result of such a reallocation of care packages to Direct Payments can be resolved so long as the impact it has had in the short term is addressed and overcome by Prime Providers.
- Relocation to other areas in Lincolnshire: Most Providers in moving to the zone model have relocated large portions of their business operations and in doing so borne additional costs which has increased pressure to their business.
- Higher demands of service quality: The new specification for Homecare Services includes a number of necessary improvements related to the Care Act, our drive to improve outcomes and manage performance. While the changes were not fundamentally different to the previous operating model it has meant Providers have to work in new ways and change their business accordingly.

9 Service User Experience

9.1 Given the scale of the transfer and number of Service Users it was important to understand the effect the new contracts were having on service users.

9.2 The Adult Care Quality Team has undertaken sampling of Service Users whose care has transitioned over to the Prime Provider before 26 September 2015. This is to understand their experience of the transition process and their care.

9.3 These calls have been largely welcomed with service users stating they are pleased that the Council has made contact and is taking service user views into consideration. To date:

- Of the 350 customers or representatives the team spoke to
 - 228 (65%) felt that their experience of the transition had been a positive one
 - 26% of people said it was negative; and
 - 8% were unsure

9.4 A planned quality assurance customer survey of homecare will take place in quarter 1 2016/2017 and then annually after the initial transfer period and winter pressures.

10 Lessons Learned

10.1 A lessons learned workshop was held on 5 November 2015 in which a large and representative number of the members of the programme reflected on the work undertaken to date, what went well, what insights we have learned, and how we could mitigate some of the issues that arose. A project closure report is being produced that will summarise the results of this exercise.

11 Post Transition

Historic and Ongoing Pressures

11.1 Homecare Services have historically been very difficult to source effectively and reliably due to a number of issues which the new model seeks to address. However, with the impact of the transition to the new contracts alongside the wider pressures within the health and social care sector particular focus has been thrown on these escalating concerns which remain a significant challenge to the market and to the Council. The Commercial team and Adults Operations team have continued to work extremely closely with all homecare providers to better understand and manage the impacts of issues like; improving workforce capacity, staff recruitment and retention, managing rurality and social isolation and the potential impact of the National Living Wage.

Market Management

11.2 The issue of funding for the National Living Wage cannot be successfully resolved until there is a clear understanding of any additional Government funding through the Spending Review at the end of November 2015 and how this may be utilised.

11.3 While there continue to be a high level of concern with a small number of the prime providers, and in spite of the wider market pressures affecting the entire care system, there is evidence of genuine improvement in many

areas most notably a number of prime providers clearing pending lists that have been in place since before the procurement start date. With the additional steps being taken and with continued close work with providers we remain confident the new commercial model will be successful and that service quality in general will improve.

11.4 To a certain extent some of the issues the Prime Providers are dealing with can be addressed by providing additional support in terms of co-ordination, leadership, management and workforce development. The Commercial Team have already placed a significant amount of internal resource in Prime Provider businesses who have been struggling over the last weeks. While this has been a suitable option to ensure service quality issues are addressed, it not appropriate that already stretched resources from the Council are deployed long term not least because the Commercial Team needs instead to be looking to build capacity in the medium to long term. To that end, after early discussions with LinCA they have offered to act as a central support and coordination role. If supported by a clear message from the Council, this could be an effective strategic partnership underpinning the Lincolnshire market.

2. **Conclusion**

The completion of the Community Support Procurement Programme represents a considerable achievement for the Council. With a new commercial model in place and a much closer strategic relationship with its care Providers the Council is in a stronger position to be able to deal with the rapidly escalating risks and pressures facing the social care system as a whole. Work continues on a daily basis to address ongoing concerns, manage provider performance extremely closely and ensure Service Users receive the care they are entitled to.

3. **Consultation**

This is not a consultation item.

4. **Appendices**

These are listed below and attached at the back of the report	
Appendix A	Community Support Governance
Appendix B	Procurement Timeline

5. **Background Papers - None**

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