

Finance and Resources Committee

10.00am, Thursday, 12 May 2016

Care at Home - Contract Ref: CT0477

Item number	7.5
Report number	
Executive/routine	
Wards	

Executive Summary

This report seeks the approval of the Finance and Resources Committee to award contracts to eight providers for the provision of Care at Home Services in eleven neighbourhood areas. Taking account of the new responsibilities of Integrated Joint Boards, the recommendations in this report are subject to receipt of directions and confirmation of funding by the Edinburgh Integrated Joint Board (EIJB).

Contract duration will be three years, with an option to extend for up to a further two periods of 12 months each. The total estimated value of the contracts, including extensions, is £120m.

The Contract establishes a fixed unit price of £16.00 per hour (a 6.7% uplift on the current rate of £15.00 per hour) and this provides for payment of the Living Wage of £8.25 per hour. The contract also provides for an increase of 2,500 hours per week over 2 years to expand capacity to support the objectives of integration and accommodate growth in demand for services. The contract assumes a reduction of 1,700 hours per week over 2 years through embedding of the reablement ethos. For the City of Edinburgh Council, this

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Council Priorities

Single Outcome Agreement

equates to an estimated increase of £1.13m in costs in 2016/17. The estimated financial implications of the contract over 2016/17 to 2018/19 are summarised at paragraph 5.3.

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1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves award of contracts for the provision of care at home services in individual neighbourhoods as undernoted, subject to receipt of directions and confirmation of funding by the EIJB.

Neighbourhood	Provider
1. Almond	Avenue Care Services
2. Craigentinny / Duddingston	Call-In Homecare
3. Forth	Real Life Options
4. Inverleith	Real Life Options
5. Leith	The Human Support Group
6. Liberton / Gilmerton	Call-In Homecare
7. Pentlands	Shaw Healthcare
8. Portobello / Craigmillar	SCRT
9. South Central	Social Care Alba
10. South West	Shaw Healthcare
11. Western Edinburgh	Careline Homecare

2. Background

- 2.1 This report follows on from the report to the Finance and Resources Committee on 29 October 2015 which sought approval to extend current Care at Home contracts pending the completion of the procurement exercise described in this report.
- 2.2 The contracts that are the subject of this report are intended to replace existing contracts which were awarded following a procurement exercise in 2011.
- 2.3 In terms of EU procurement regulations, social care services are Part B services. Although Part B services are not subject to the full rigours of EU procurement regulations, there is a requirement for openness, transparency and fair and equal treatment, as well as a requirement to comply with the Public Contracts (Scotland) Regulations 2012 and the Council's Contract Standing Orders.

3. Main report

- 3.1 A Future Contract Opportunity Notice was published on the Public Contracts Scotland (PCS) website on 16 January 2015. Subsequently, a series of meetings were held with existing and potential providers during 2015 for the purpose of supplier engagement prior to the commencement of a formal procurement procedure.
- 3.2 A Contract Notice was published on the PCS website on 8 December 2015 and an open Invitation to Tender was published on the PCS -Tender website the same day. A total of fifty six organisations registered interest, all of whom were invited to a Tender Briefing on 16 December 2015. The Briefing provided an opportunity to outline the Council's key requirements of bidders, to explain the detail of the tender documentation and to confirm the procurement timetable. Attendees were also provided with a list of 'top tips' for bidders and were able to ask questions of the Council about the procurement process.
- 3.3 A summary of the tender process is provided at Appendix 1 of this report. Providers were invited to bid for one or more of 11 neighbourhood 'lots' which, together with the City Centre neighbourhood (which was sub divided for the purpose of the tender), comprise the 12 neighbourhood areas of the City of Edinburgh
- 3.4 Information about award criteria is provided at Appendix 2 of this report.
- 3.5 Thirteen organisations submitted tenders by the deadline of 29 January 2016.
- 3.6 All thirteen tenders were assessed as meeting the qualification criteria and were therefore taken forward for evaluation of technical (quality) content.
- 3.7 Evaluation of the technical (quality) content of the tenders was undertaken by an evaluation panel of council officers from Health and Social Care.
- 3.8 Two tenders scored below the threshold for the case study question in the technical evaluation and therefore were not considered for award of contract.
- 3.9 The Council has established a fixed unit price of £16.00 per hour for the service, which will be used to calculate budgets for individual packages of care for individual service users. There was therefore no evaluation of the commercial (price) content of the tenders, other than to check that the fixed price had been offered by tenderers.
- 3.10 Tenderers were required to identify the individual neighbourhoods where they wished to offer to provide the service and to list these in order of preference.
- 3.11 Where a provider had offered to deliver the service in multiple neighbourhoods, a risk assessment was undertaken to determine the maximum number of neighbourhoods for which a contract could be awarded to the provider. A description of the risk assessment methodology is provided at Appendix 3 of this report.
- 3.12 Taking account of the outcomes of the risk assessments, tenderers' preferences to deliver the service in specific neighbourhoods were used to match tenderers to

neighbourhoods, on the basis of first preference being given to the highest scoring tender and so on until all neighbourhoods were matched to providers.

- 3.13 The recommendation for award of contracts is based on the tenderers' scores matched to neighbourhoods. Information about tenderers' scores and matching to neighbourhoods is provided at Appendix 4 of this report.
- 3.14 It is recommended the contract to deliver the service in the Almond neighbourhood is awarded to Avenue Care Services. While Avenue Care's score of 49.93% is lower than Providers A and B, neither of these offered to provide services in the Almond neighbourhood and are therefore not eligible to be awarded the contract for that neighbourhood. The decision to recommend award to Avenue Care is also supported by three important contextual factors. Firstly, following its last two most recent annual inspections, the Care Inspectorate has awarded Avenue Care 'very good' grades (Grade 5) for the quality of care and support provided. Secondly, Avenue Care's score for the case study was comparatively strong (62.25%), demonstrating a good understanding of service delivery issues. Thirdly, Almond was Avenue Care's first preference, indicating a strong existing link between the provider and that neighbourhood.

4. Measures of success

- 4.1 The new Care at Home contracts provide sufficient capacity to respond to levels of demand for the service.
- 4.2 Contract implementation is successful, with mitigation and communication strategies that facilitate transfer of service provision and reduce inconvenience for individual service users.

5. Financial impact

- 5.1 It is estimated that Care at Home service expenditure will increase by £1.13m in 2016/17, based on expenditure and service volumes at March 2016. This sum comprises:
 - 5.1.1 An increase of £0.93m in respect of the estimated impact of the uplift of 6.7% to reflect the commitment to implement the Living Wage and;
 - 5.1.2 An increase of £0.47m to provide for an increase of 1,250 hours per week by 31st March 2017 to expand capacity to support the objectives of integration and accommodate growth in demand for services as a consequence of demographic change.
 - 5.1.3 A decrease of £0.27m to reflect the impact of embedding the reablement ethos within contract arrangements.
- 5.2 The EIJB has received an allocation of £20.180m through the Social Care Fund to support additional spend on expansion of social care to support the objectives of integration and to support the implementation of the Living Wage and other cost pressures. Subject to the approval of the EIJB, it is anticipated that £1.4m will be directed by the EIJB from the Social Care Fund to the City of Edinburgh Council to

fund the additional estimated expenditure which is set out in paragraphs 5.1.1 and 5.1.2 above. No expenditure can be authorised by Committee unless it is clearly detailed in directions issued to the Council by the EIJB. The EIJB will consider this matter at a meeting on 13th May 2016.

5.3 The approved budget for 2016/17 provides for savings through reablement and the estimated savings identified at 5.1.3 above will contribute to approved savings in 2016/17.

5.4 The table below summarises the estimated financial implications over the period 2016/17 to 2018/19. Forecasts for 2017/18 and 2018/19 are indicative and will be updated as experience of contract implementation is monitored. Increased expenditure in 2017/18 and later years is subject to availability of funding. The Council's approved budget allocation to the EIJB for 2016/17 provides for expenditure of £22.0m per annum reflecting delivery of 27,750 hours per week.

	2016/17	2017/18	2018/19
	£m	£m	£m
Baseline - Approved Budget 2016/17	22.00	22.00	22.00
Cumulative Impact of Uplift in Contract Rate	0.93	1.44	1.79
Cumulative Impact of Volume Increase	0.47	1.43	1.92
Cumulative Reablement Saving	(0.27)	(0.83)	(1.42)
Estimated Contract Cost	23.13	24.04	24.29

5.5 The contract provides for embedding of the reablement ethos within service delivery arrangements. The contract provides for an increase in the hourly rate to £16.50 in 2017/18 subject to the condition that providers achieve efficiencies of 5% by 31 March 2017 through reablement. A further increase from £16.50 to £17 per hour will be paid in 2018/19 on the same basis.

5.6 The estimated value of these contracts is £24m per annum.

5.7 The costs associated with procuring these contracts are estimated to be between £20,001 and £35,000.

6. Risk, policy, compliance and governance impact

6.1 A risk assessment was undertaken prior to the decision to recommend award of contracts for more than one neighbourhood to any single provider. A mark was awarded on the basis of most recent Care Inspectorate grades and a mark was awarded for the provider's capacity plan, including proposed timescales and risk mitigation measures. A description of this risk assessment methodology is provided at Appendix 3 of this report. Financial probity assessments were also undertaken

by Finance to check the financial information submitted to providers, which included consideration of estimated contract value against turnover.

- 6.2 The designated contract manager will be responsible for contract implementation and contract management. Successful contract implementation will be contingent upon efficient and effective reablement ensuring no delays in referrals to providers.

7. Equalities impact

- 7.1 An Equalities and Rights Impact Assessment (ERIA) has been undertaken.

8. Sustainability impact

- 8.1 Award of contracts based on neighbourhoods is expected to lead to reductions in staff travel time and the carbon footprint associated with delivery of the service.
- 8.2 A range of specific community benefits have been offered by individual providers. These include apprenticeships, administrative work experience placements for senior school pupils, mentoring and training for volunteers and unpaid carers, funding for volunteering and community enhancement projects, targeted recruitment of previously unemployed people and service user involvement in additional activities. The designated Contract Manager will be responsible for monitoring delivery and reporting community benefits delivered by individual providers.

9. Consultation and engagement

- 9.1 Private and third sector providers, NHS Lothian and the Health and Social Care Partnership/IJB Executive Team have all been engaged in the contract re-design process. Consultation with service users and carers is ongoing and will continue throughout contract implementation.
- 9.2 A Communications Plan is in place to ensure that service users are fully informed of the changes that may affect them and the options that are available to them.

10. Background reading/external references

- 10.1 Report to the Finance and Resources Committee meeting on 29th October 2015 - Item 7.11 Re-Tender of Care at Home Contracts

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11. Links

Coalition Pledges

Council Priorities	CP2 Improved health and well-being, reduced inequalities CP3 Right care, right place, right time
Single Outcome Agreement	SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Procurement of Care at Home Services - Contract Ref: CT 0477

Contract Period	Commencement between June and September 2016 for a period of three years, with the option to extend for a further two periods of up to twelve months.
Estimated value of contracts	£120m (total including extensions)
Standing Orders observed	2.4 EU Principles have been applied 2.7 Commercial and Procurement Manager provided resource to undertake tendering 3.2 Director has responsibility for all contracts tendered and led by their Directorate
Governing UK Regulation	Public Contracts (Scotland) Regulations 2012
Tenders Returned	13
Tenders fully compliant	13
Recommended Providers	See Appendix 3
Primary Criterion	Technical (quality) proposals
Evaluation criteria and weightings and reasons for this approach	Quality (100%) A fixed price was established by the Council.
Evaluation Team	Council officers from Health and Social Care
Consideration of procurement methodology and processes to ensure SME friendly	Future Contract Opportunity (FCO) notice published prior to procurement and provider briefing after publication of Contract Notice

Appendix 2 - Award Criteria

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Technical (Quality) Evaluation - Award Criteria	Weighting
Case Study	30%
Management	10%
Service Delivery	15%
Performance Management	15%
Contract Implementation	10%
Fair Work Practices	15%
Community Benefits	5%
TOTAL	100%

Appendix 3 - Risk Assessment Methodology

Only applied where Tenderers bid to deliver the service in more than one neighbourhood

Question	Tender Response
<p>Part A</p> <p>Please detail your organisation’s Care Inspectorate (or equivalent, e.g. CQC, non UK) Grade for Quality of Care and Support in each of your last three most recent inspections.</p> <p>Part B</p> <p>Please detail the number of hours of care at home you are currently delivering on behalf of (a) City of Edinburgh Council and (b) other public bodies.</p> <p>If your Tender assumes a significant increase in the capacity you are currently delivering to the Council, please outline your plans to deliver this additional capacity and timescales for doing so. Please also identify the key risks associated with your plans and how these shall be mitigated.</p>	<p>Tenderer will provide details of Care Inspectorate (or equivalent) Grades received in last 3 inspections related to Quality and Support. (Average score will be identified by adding grades together and dividing by 3).</p> <p>Tenderer will demonstrate credible growth scenario, notably in respect of staff recruitment and retention plans and ability to deploy resources effectively across more than one neighbourhood area. The key risks will be identified including those noted as a minimum and any others which are considered appropriate by the Tenderer. Each risk identified will have robust plans for mitigation backed by the Tenderers proven ability and will provide the Council with full assurance of their capacity to work in more than one neighbourhood and to deliver the hours offered.</p>

NB: The outcome of the risk assessment for a Provider with less than 3 previous Care Inspectorate (or equivalent) grades will be high risk. However this would not preclude the award of a Contract, as the risk assessment will only be used where consideration is being given to the award of more than one contract.

Part A of the Risk Assessment will be scored as follows:

Score	Interpretation
5	Average Grade 4 – 6
3	Average Grade 3
1	Average Grade 2 or less
1	No Grade

Part B of the Risk Assessment will be scored as follows:

Score	Interpretation
4	Minimal Risk identified in Provider servicing multiple areas
3	Low Risk identified in Provider servicing multiple areas
2	Moderate Risk identified in Provider servicing multiple areas including concerns in relation to capacity
1	High Risk identified in Provider servicing multiple areas including concerns in relation to credibility of capacity growth plan

Total outcome of Risk Assessment:

Risk	Score	Result
Minimal Risk	9	Tenderer may be awarded a maximum of 6 neighbourhoods
Low Risk	7-8	Tenderer may be awarded a maximum of 5 neighbourhoods
Moderate Risk	5-6	Tenderer may be awarded a maximum of 2 neighbourhoods
High Risk	4 or lower	Tenderer may be awarded a maximum of 1 neighbourhood

Appendix 4 - Tenderers' Scores and Matching to Neighbourhoods

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Provider	Score	Neighbourhood(s)
SCRT	93.03	Portobello / Craigmillar
Call-In Homecare	90.65	Craigtinny / Duddingston Liberton / Gilmerton
Careline Homecare	87.50	Western Edinburgh
Social Care Alba	78.68	South Central
The Human Support Group	75.88	Leith
Shaw Healthcare	68.70	South West Pentlands
Real Life Options	68.65	Inverleith Forth
Provider A	58.23	No preferences available
Provider B	54.48	No preferences available
Avenue Care Services	49.93	Almond
Provider C	44.08	No neighbourhoods unallocated