

Croydon Council

For General Release	
REPORT TO:	CABINET 15th September 2014
AGENDA ITEM:	12
SUBJECT:	INTEGRATED FRAMEWORK AGREEMENT FOR CARE, SUPPORT AND HEALTH RELATED SERVICES
LEAD OFFICER:	Hannah Miller, Executive Director of DASHH
CABINET MEMBER:	Cllr Simon Hall, Cabinet Member for Finance and Treasury And: Cllr Louisa Woodley, Cabinet Member for People and Communities And: Cllr Alisa Flemming, Cabinet Member for Children, Families and Learning
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>The Integrated Framework Agreement (IFA) for care, support and health related services will support the Council's long term vision to become a caring City, with services supporting vulnerable people to develop and contribute to society within their means and ability. Furthermore the IFA will enable vulnerable people to access education, training and employment, where appropriate.</p>	
FINANCIAL IMPACT SUMMARY:	
<p>The budget for the Integrated Framework Agreement (IFA) is estimated to be approximately £86m over a four year term. This budget is based on the social care and support commissioning budgets that will be subject to the IFA. It is estimated that the IFA will generate approximately 10% savings and will be used a vehicle to deliver those social care and support savings already identified, as well other savings as a result of introducing new processes around outcomes</p>	
KEY DECISION REFERENCE NO.: 1308. This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors	

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The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

- 1.1 Cabinet is recommended to approve the appointment of providers to the Integrated Framework Agreement for the delivery of care, support and health related services for four years and on the terms detailed in the associated Part B report on this agenda.
- 1.2 Cabinet is also recommended to extend the framework agreement for up to three years for one or more Lots where a refresh has taken place “using a dynamic purchasing model.

2. EXECUTIVE SUMMARY

- 2.1 The Council, in partnership with the Croydon Clinical Commissioning Group, has undertaken a procurement exercise to establish an Integrated Framework Agreement (IFA) for care, support and health related services to enable people to live independently in the community and/ or stay within their home.
- 2.2 The approach involves bringing together community based support, care and health related services into a single Integrated Framework Agreement. The key purpose is that can deliver better prices, high quality and greater consistency. Furthermore, the framework agreement will change processes to ensure that they are compatible with the Care Act 2014.

The services within the framework agreement have been divided into ‘lots’:

- **Housing support** - preventative services that enable people to live independently
 - **Enabling support and care** – Care Quality Commission (CQC) regulated services that combine support to enable independent living with some personal care (mainly prompting and supervision of personal care activities)
 - **Personal care** - CQC regulated care related to , eating, washing, which involves assistance with eating and/or drinking, washing and/or bathing, dressing, toileting etc., and support with a range of health needs
 - **Reablement** –short term CQC regulated domiciliary care
 - **Health related services** CQC regulated services related to continuing care and other health related services
 - **Children Families and Learning (CFL)**, relating to enabling support and care and personal care
 - **End of Life care**- CQC regulated domiciliary end of life care and support
- 2.3 The benefits of a framework agreement include the following:
 - Quality and performance standards have been specified across all the lots;
 - The Council will achieve its objective of achieving value for money

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- Clients with Personal Budgets and Personal Health Budgets can exercise choice;
- The achievement of outcomes has been specified, enabling care funding to be recycled when they are achieved;
- New entrants into the market can be sub contracted by lead providers;
 - The introduction of the London Living Wage for new contracts;
- The process can be made more efficient, thus reducing bureaucracy

2.4 The purpose of the report is to award a contract to the selected providers for a place on the IFA. The IFA will enable the Council to meet its strategic objectives of protecting vulnerable people by providing good quality, accessible, joined up services and better prevention and early intervention.

2.5 The report sets out the following:

- The tender process for the IFA
- How providers were evaluated
- Proposals for the governance arrangements for the IFA
- The potential savings that could be made

2.6 The IFA will provide a joined up approach to the commissioning and procurement of community based social care and support services. The new governance process will ensure that appropriate social care and support services are called off from the IFA in a timely way.

3. **DETAIL**

3.1 The Council, in partnership with the Croydon Clinical Commissioning Group (CCG), has undertaken a procurement exercise in compliance with the requirements of the Public Contracts Regulations 2006 (as amended) and the Council's Tenders and Contracts Regulations to establish an Integrated Framework Agreement (IFA) for care, support and health related services to enable people to live independently in the community and/ or stay within their home. The IFA is intended to provide an integrated approach to purchasing these services to ensure that the needs of vulnerable service users are met in a holistic way.

3.2 The purpose of the IFA is to reduce the level of work involved in procuring each type of service by selecting suitable providers that can deliver good quality services at an affordable price. Once these providers are selected the Council is not required to go out to the market again and can use the IFA to 'call off' services using a streamlined process.

3.3 The procurement of the IFA involved sending out a Pre-Qualification Questionnaire (PQQ) to over 200 suppliers. To encourage the participation of Small and Medium sized Enterprises (SMEs) a lighter version of the standard PQQ (branded as a PQQ 'Lite') was developed for those organisations interested in becoming sub-contractors by working in partnership with providers bidding for a place on the IFA. A total of 88 suppliers were invited to tender (ITT). In addition 57 Small & Medium Enterprises (SMEs) were selected as potential sub-contractors, with an event held by the Council to introduce the SMEs to potential 'lead' suppliers

3.4 The Council Administration has committed to work with the Living Wage Foundation and Citizens UK to become a fully-accredited London Living Wage

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employer. As part of this commitment, the Council wishes to ensure that its providers pay their staff at least the basic London Living Wage rate (currently £8.80 per hour) for new contracts.

3.5 Following this commitment, tenderers were invited to either confirm that their prices already allow for the London Living Wage rate or to resubmit their prices to include London Living Wage. Tenderers' prices were evaluated on this basis and all tenders have contractually committed to paying staff at least the London Living Wage rate.

3.6 Tenders were received from a total of 70 suppliers for the main Lots as follows:

Lots	Bidders
Housing Support	29
Enabling Support and Care	31
Personal Care and Support	29
Reablement	15
End of Life Care	10
Children Enabling Support and Care	4
Children Personal Care and Support	8

3.7 The tenders were evaluated using the following award criteria

Evaluation Section	Award Criteria	Weight
Qualitative Evaluation (60%)	Delivery	10%
	Quality Assurance	15%
	Social Value	5%
	Technical Merit	30%
Commercial (40%)	Price	40%

3.8 Approval was obtained for a 60/40 weighting to be applied to the quality and commercial scores respectively. This approach was based on the rationale that once providers are through the quality threshold at tender stage, the subsequent call-off process would have a greater weighting to price. There will be two call-off processes for the IFA: the standard process which will involve calling off by best tendered price and mini-competition which involves a competitive process within the relevant lot – either by price or by quality and price.

3.9 The social value criterion was assessed on the basis of the Council's priorities, in particular the involvement of SMEs within the bids, the use of volunteers and apprentices, providing expertise to third sector organisations and arranging fundraising events for charitable purposes.

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3.10 The outcome of the tender evaluation process has involved the selection of a total of 56 suppliers for the following Lots:

Lots	Supplier s
Housing Support	26
Enabling Support and Care	21
Personal Care and Support	20
Reablement	10
End of Life Care	5
Children Enabling Support and Care	4
Children Personal Care and Support	8

Some suppliers have been selected for more than one Lot. Altogether 24 SMEs are involved in the submissions of the selected suppliers.

- 3.11 It is therefore proposed that the 58 providers be appointed to the above Lots on the IFA. The IFA is for a four year period, although the Council can terminate it before the end of its term, if necessary. The IFA can also be extended for a further three years for one or more Lots where they have been refreshed using a dynamic purchasing model. The Council is not obliged to use the IFA and can procure services outside of the IFA. However the intention is that the Council will use the IFA for the majority of community based social care services.
- 3.12 Those providers that achieved less than 30% of the qualitative score have not been selected. Furthermore, the Council has applied its right to cap the number of providers within each Lot, as set out in the invitation to tender.
- 3.13 The purpose of capping the number of providers is to ensure that the market can be managed effectively and that services can be called off from the most economically advantageous providers (i.e. best quality and price). The Council needs to develop better relationships with fewer providers so that outcomes can be delivered effectively and quality monitored robustly.
- 3.14 The Council has reserved the right to reward those providers that deliver outcomes most effectively with a greater share of the business.
- 3.15 The tenderers were informed that the ITT is subject to the Freedom of Information Act and that they must clearly state which (if any) sections of their submission may be considered confidential. The prices that are submitted by suppliers should be treated as commercially confidential, as this issue was clearly identified by some of the bidders.
- 3.16 The Council's Procurement Strategy and Tenders & Contracts Regulations are accessible under the Freedom of Information Act 2000 as part of the Council's Publication Scheme. Information requested under that Act about the specific procurement exercise and contract which are the subject of this report, held internally or supplied by external organisations, will be accessible subject to legal advice as to its commercial confidentiality, or other applicable exemption, and whether or not it is in the public interest to do so.

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Customer Impact

- 3.17 Social care and support services funded through the IFA will have a significant impact in improving the quality of life of vulnerable people by helping them to live independently, maintain their tenancies and improving their lifelong outcomes.
- 3.18 The IFA will help to deliver increased choice and control through the use of managed personal budgets and will provide better quality services for vulnerable people. In particular the IFA is being used to purchase support services that deliver the required outcomes to vulnerable people as stated in the service specifications. The tender also required rates for clients receiving direct payments, which will result in better prices for clients independently organising their own care.

Human Rights Impact

- 3.19 The IFA will provide for vulnerable people to have access to advice, life skills in developing confidence to manage independently. The IFA requires providers to have regard to the human rights convention. Furthermore, through the contract monitoring process, the Council will ensure people's rights are respected, for example through well implemented safeguarding adults/children's policies and complaints schemes. This will assist the Council in meeting its obligation to deliver Convention Rights and particularly A.8 the right to respect for private and family life. The Human Rights Act 1998 introduced into UK law many of the rights in the European Convention on Human Rights (Convention Rights).

4. **CONSULTATION**

- 4.1 To ensure the Lots were designed correctly a reference group for each Lot was organised. The reference groups was made up of service users and carers representing each service area . The reference groups were involved with both the development of the service specifications and also the tender evaluation panels. All service users who were involved received training on the evaluation process and took part in the evaluation process. Additional sessions with service users at day centres took place to develop the outcomes for the service specifications. The relevant Cabinet members have been consulted and given their approval to the IFA The Clinical Commissioning Group (CCG) has been involved as partner in developing and procuring the IFA. Service users have been involved throughout

5. **FINANCIAL AND RISK ASSESSEMENT CONSIDERATIONS**

- 5.1 At PQQ stage all those providers that made a submission were required to supply their annual accounts and other related information including contract performance. The financial information was scrutinised by the Finance Department. Of the 88 submissions there were six providers that had a financial rating of extreme caution. Section 151 approval was sought on the basis that the IFA will include a number of approved providers that can take over services immediately, if required. Furthermore the six providers were subject to external regulation (either the Care Quality Commission or the Homes and Communities Agency).

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5.2 Revenue and Capital Consequences of Report Recommendations

	Current year	Medium Term Financial Strategy – 4 year forecast				
	2014/15 Part year	2015/16	2016/17	2017/18	2018/19 Part year	
	£'000	£'000	£'000	£'000	£'000	
Revenue Budget	£3,000	£15,550	£22,259	£25,550	£11,641	
Expenditure	£3,000	£15,550	£22,259	£25,550	£11,641	
Income						
Effect of decision from						
Expenditure	£3,000	£13,995	£20,029	£22,550	£10,626	
Income						
Remaining budget (savings)	£0000	£1,555	£2,230	£3,000	£1,015	

5.3 Budgetary provision for these services exists through the existing DASHH and CFL social care budgets. The IFA is intended to support the achievement of DASHH social care savings that have already been identified.

5.4 **Effect of the Decision:**

Budgetary provision for these services exists through the existing DASHH social care budget and £350k from CFL social care budget. The spend is based on new services being called off from the IFA. The IFA is intended to support the achievement of DASHH social care savings that have already been identified. Savings against the CFL budget are unlikely due to 2014/15 budget reductions, however, there will be an overall cost reduction based on the 2013/14 spend of c. 5%.

The projected spend for the framework agreement of £78m over the four year will reduce to £70.2m as a result of the savings anticipated, which have been incorporated in the budget profile. In addition there may be savings to the £8m continuing health care budget which will be will accrue to the CCG.

5.5 **Risks:** Framework agreements are a low financial risk for local authorities. There is no obligation to call off services from those suppliers on a framework agreement. Should a provider go into liquidation then there are other providers that can be called off from the framework agreement to take over the service at short notice with no requirement to go out to the wider market. Where a significant call off is undertaken the Council will review the successful provider's financial health check score prior to placing an order for the service.

5.6 **Options:** There is an option not to use the IFA and to procure services outside of it. This should only be undertaken where there is a case for doing so.

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- 5.7 **Future Savings / Efficiencies:** The IFA will enable the Council to achieve future efficiency for the services that are subject to this procurement. Apart from the standard call off procedure the Council can call off through mini-competition which will create further efficiencies.

Approved by: Lisa Taylor, Department Head of Finance

6. COMMENTS OF THE COUNCIL SOLICITOR

- 6.1 The Council Solicitor comments that the procurement process detailed in this report complies with the requirements of the Council's Tenders and Contracts Regulations and that the proposed award of the Contract demonstrates the duty to secure Best Value under the Local Government Act 1999.

Approved by: Gabriel MacGregor Head of Corporate Law on behalf of the Council Solicitor and Monitoring Officer.)

7. HUMAN RESOURCES IMPACT

- 7.1 There are no immediate HR considerations that arise from the recommendations of this report for LBC staff.

(Approved by: Michael Pichamuthu HRBP on behalf of the Director of Human Resources & Organisational Development)

8. EQUALITIES ANALYSIS

- 8.1 A full equality analysis has been completed. The findings from this analysis indicate that the contract will enable service users to live more fulfilling independent lives and will incorporate an outcomes based approach so that providers are focused on the achievement of goals for service users rather than creating dependency.

- 8.2 The equality analysis will enable the Council to ensure that it meets the statutory obligation in the exercise of its functions to address the Public Sector equality duty (PSED). This requires public bodies to ensure due regard to the need to advance equality of opportunity; foster good relations between people who share a "protected characteristic" and those who do not and take action to eliminate the potential of discrimination in the provision of services."

- 8.3 The Council will ensure that there will be adequate provision for black and minority ethnic groupsthrough Including specification requirements to positively encourage representation from specific black minority ethnic groups. Ensure providers provide evidence of staff training and policies for equality and diversity, and have an understanding of different culture values from different community groups.

9. ENVIRONMENTAL IMPACT

- 9.1 The IFA requires providers to have an Environmental Policy and Action Plan. Providers are required to demonstrate through the provision of services that a contribution is made to improving Croydon's environment. Relevant actions include, for example, staff travel planning, encouraging people to recycle and reducing the environmental impact of buildings used for supported housing.

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10. CRIME AND DISORDER REDUCTION IMPACT

10.1 Some of the services that are subject to the IFA make an important contribution to reducing crime and ensuring safety for victims of crime in particular by enabling the rehabilitation of offenders, helping people with substance misuse problems to live drug-free lives, and providing safe accommodation for people who have experienced domestic violence.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 The recommended providers were evaluated as having submitted the most economically advantageous tenders as identified in the Part B report on this agenda item. It is therefore recommended that they be appointed to supply the services for the duration of the IFA.

12. ANY OPTIONS CONSIDERED AND REJECTED

12.1 Altogether 70 tenders were evaluated as a result of this procurement as set out in paragraph 3 above. The procurement of an integrated framework agreement was considered along with other options. The IFA was agreed as the most appropriate approach for managing the social care and support market to enable the selection of suppliers that can provide good value for money (i.e. high quality at an affordable price).

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BACKGROUND PAPERS: none