

For General Release

REPORT TO:	CABINET 16 March 2015
AGENDA ITEM:	Appendix 2 - agenda item 19
SUBJECT:	Framework agreement for adult residential and nursing care placements
LEAD OFFICER:	Paul Greenhalgh Executive Director People
CABINET MEMBER:	Cllr Louisa Woodley, Cabinet Member for People and Communities, And Cllr Simon Hall, Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>The Framework Agreement for residential and nursing care placements for working age adults (18-65) with disabilities and / or long term conditions will support the Council's long term vision to become a caring city, with services supporting them to develop and contribute to society within their means and ability.</p>	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:	
<p>The Framework procurement project will provide a vehicle to achieve good quality, cost effective commissioning of residential and nursing placements for working age adults (18-65) with disabilities and / or long term conditions. This should generate long term efficiencies, improved outcome for service users and improve working relationships with service partners and providers.</p>	
FINANCIAL IMPACT	
<p>The budget for the services to be delivered through the Framework Agreement commissioning of adult residential and nursing care placements is estimated to be approximately £27m over a four year term. The framework will be used as a vehicle to deliver the social care and support savings already identified, as well other savings as a result of introducing new processes around service outcomes.</p>	
KEY DECISION REFERENCE NO.: this is not a key decision	

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

1. RECOMMENDATIONS

Cabinet are requested to:

- 1.1 Approve the procurement strategy identified within the report which will result in the establishment of a Framework Agreement with suppliers of residential and nursing care placements
- 1.2 Agree that for the reasons detailed in para.7 the evaluation criteria give a greater weighting towards quality and innovation at the Invitation To Tender stage i.e. 60% to quality and 40% to price reflect the service and service users need for quality provision and that it delivers qualitative outcomes which support service users to develop and contribute to society within their means and ability.

2. EXECUTIVE SUMMARY

- 2.1 This report seeks Cabinet approval of the procurement strategy to procure a framework of suppliers of residential and nursing placements for working age adults (18-65) with disabilities and / or long term conditions with the aim of creating a local cost effective list of providers.
- 2.2 The Framework will support the Council to develop an in-depth understanding of the care home market in Croydon, and help shape the market to deliver new service models. It is intended that this will improve outcomes for service users and give services users more choice and control on how their care is provided.
- 2.3 The Framework will help the Council work towards increasing personalised services and independence for people accessing residential or nursing placements services as the Framework will allow service users to choose a provider from the Framework that is most appropriate to meet their needs.
- 2.4 The benefits of a framework agreement include the following:
 - Service users with Personal Budgets and Personal Health Budgets can be given choice on the care home they choose to use;
 - The achievement of outcomes can be specified, enabling clients to increase independence;
 - New providers into the market can be sub contracted by lead providers;
 - Quality and performance standards can be specified across all the lots

- The Framework will make the whole process more streamlined and efficient, thus reducing bureaucracy;
 - Using a framework will allow the Council to continue to be looking at all delivery models for residential and nursing care, including future in-house provision if appropriate.
- 2.5 The Framework will support the Council to handle all routine tasks involved in sourcing residential and nursing care placements. This will not only require minimal staffing, but also ensures that the technology maximises choice and efficiency throughout the entire process.
- 2.6 This will give Croydon better control over the placements processes as well as transparency to senior management who will be able to see where placements are made and the basis for the allocation. It is proposed that the framework gives a greater weighting towards quality ensuring high quality providers are selected for the Framework.

3. DETAIL

- 3.1** Under the Care Act 2014 Local authorities have new duties to facilitate and shape the market for adult social care as a whole, for all categories of users. Local authorities will also be required to provide comprehensive information and advice about care and support services in the local area. Introducing the Framework will support the Council to shape the local residential and nursing care market, and provide information and advice for people looking for a residential or nursing placement. How the proposed Framework will operate in practice is further described in Sections 4.2 and 5 below.
- 3.2** The introduction of the Framework will also provide support to self-funders as it will give them choice and control, allowing them to locate care homes, and to access advice and guidance about choosing the right service for their needs.
- 3.3** There are 144 care homes in Croydon that are registered with the Care Quality Commission (CQC), which have a maximum capacity to care for 2,796 people, across all service user groups. The Croydon homes are provided by the public, private and voluntary sector. Currently, Croydon Adult Social care has placed 1095 people in residential or nursing care within and outside of the Borough.
- 3.4** The Council is aware that it has a more limited choice of care homes for physical disabilities and learning disability clients, and therefore has had to place a high percentage of learning disabilities clients at high cost out of Borough. The proposed Framework will allow the Council to select providers that will meet current and future need. If the level of

provision needs to be increased the lists can be periodically refreshed to add more suppliers.

- 3.5** It is proposed that the Council Brokerage team will take over the role of commissioning individual residential and nursing placements from Care Managers. This should lead to time reductions and efficiencies by less staff time being required to broker placements and therefore potential cost savings associated with this.
- 3.6** This procurement is a component of the care-home market management Project which is part of the Croydon Challenge programme. The objective of the care home market management project is to develop an in-depth understanding of the care home market in Croydon, lead on a strategy to shape the market and deliver a new service model that promotes the utilisation of the market. It is intended that this will generate improved outcomes for service users, long term efficiencies and beneficial working relationships with partners and providers.
- 3.7** The Framework will assist with meeting the Putting People First Personalisation agenda by increasing choice and control. Choice will be exercised by enabling an individual to choose the Council to act as their agent for their managed personal budget and the individual will be able to select a supplier of their choice.

4 Current Provision

- 4.1** The current arrangement involves the following process:
- Care Managers have to call providers one at a time to check their availability and it can take time for them to get the actual responses.
 - The actual length of time taken to find and make a placement varies significantly.
 - Lots of time is spent sending paperwork and talking to care management about the paperwork as well.
 - Individual Care Managers will negotiate the price using the service user's assessment and would not necessarily be aware of any other discussions being had by other Croydon Care Managers or commissioners with that provider.
- 4.2** Care Managers indicate that it can take several weeks to find appropriate placements for clients. Time is spent waiting for responses from providers and family. Sending out the requests to multiple providers on the specific outcomes for the person and setting a time limit on the response to suppliers on the Framework would make the process much swifter minimising the time taken. Clients and families

would then be given a list of homes to visit from which they will be given an option to select.

5 The Future service provision

- 5.1** The proposal is to introduce a framework of suppliers of residential and nursing care for working aged adults (18-65) with disabilities and / or long term conditions to identify suitable placements. The Council is currently in negotiation with existing providers to reduce cost and develop relationships. The introduction of a framework would support commissioners to manage the future market for care homes more effectively and ensure Croydon has adequate levels of appropriate homes for future demand at the right price.
- 5.2** Currently service users are often unaware of the various providers that might be available, and usually require help to identify suitable providers. This framework would provide a method of handling this situation and, as it is a web-based, it could be initiated in remote locations (e.g. in the client's home) as well as the Council buildings.

Preferred procurement process:

6 Procurement Process

- 6.1** The framework will be procured using an Open Tender OJEU process procedure. Under the new procurement regulation. The procurement opportunity will be advertised on/through:
- Croydon Council's internet
 - Distributed to all current providers
 - Through the Gift Database
 - London E-Tender Portal
 - National Portal
- 6.2** The Council will issue an Invitation to Tender (ITT) to those organisations that have expressed an interest. This will be supported by workshops. The opportunity will be advertised April 2015 and the Framework is intended to be operational by August 2015. The framework will be tendered in the following Lots:
- The Learning disability Residential placement
 - Learning disability complex behaviour problems
 - Learning disability complex nursing care placement
 - Learning disability respite
 - Mental Health Residential placement
 - Mental Health Nursing placement
 - Physical disability residential placement
 - Physical disability nursing placement
 - Drug and Alcohol detoxification
 - Drug and Alcohol rehabilitation

- 6.3** The tender will not include older people placements as this market is well developed in Croydon and uses agreed rates which have been benchmarked with other authorities.

7 PROCUREMENT PROCESS

- 7.1** The tender will be managed by SCPP and there will be considerable engagement with commissioners during the tendering process. The Framework ITT will be processed through the e-tendering portal. The most economically advantageous tenders will be selected and placed onto the framework.
- 7.2 Bidder evaluation**
- 7.3** The Framework selection and award criteria will be published at ITT stage and will involve a pass/fail assessment of key requirements and scoring of technical experience. There will be an agreed number of providers for each lot.
- 7.4** At call off stage providers will either be called off by direct award (i.e. without competition) or mini competition. It is proposed that the framework gives a greater weighting towards quality and innovation at ITT stage (i.e. 60% to quality and 40% to price). At call off stage the weightings can be rebalanced more towards price, as innovative/ better quality providers would have already secured a place on the Framework which will be explained in the Framework documentation itself. Evaluation panels from the care management teams and service user groups will be selected
- 7.5** At the call off stage the providers will be sent the client assessment to calculate the price for providing the care. Where a provider is called off through a mini-competition there is the opportunity for a provider to lower the price it submitted at tender stage. Following call off the Service Users will be given a list of selected homes to visit. In addition the authority reserves the right under the Framework to refresh the prices periodically, either by individual lots or across the framework agreement as a whole.
- 7.6** Tender Assessment Panels (TAPs) will be set up for each lot. This is likely to involve a significant amount of work for each panel because of the volume of bidders – however it will be essential to ensure that the membership of each TAP is consistent. The TAPs will include the relevant commissioners for each lot, with SCPP acting as moderators.

The TAPs will score the method statements using a scoring system agreed with Corporate Procurement.

- 7.7 The social value criterion will be assessed on the basis of Council 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.
- 7.8 The evaluation will also incorporate the Council's priorities, in particular ensure care providers have a core group of staff that are employed on a fixed number of hours with flexi hours for the remaining staff so that they can respond to fluctuations in demand.
- 7.9 Tender evaluation will be completed by June 2015 and a request for approval to award submitted to Cabinet thereafter. It would be the intention to complete the agreed appointments to the framework at the earliest opportunity to enable the usage of better value placement prices.
- 7.10 **Number of Providers in the Framework:** It is important to ensure that the Framework provides sufficient capacity across each Lot to meet the Council's needs. The maximum number of providers required in each category will be specified in the tender.

8 DURATION AND VALUE OF THE FRAMEWORK AGREEMENT

- 8.1 The term of the framework would be for 4 years which will enable Croydon to develop longer term relationships with the selected providers as a result of the framework agreement. However, the authority may also require the flexibility to respond to changes within the wider provider market. The authority has already established a framework agreement for community care that can be refreshed on a dynamic purchasing basis (i.e. individual lots can be retendered during the term of the agreement). Croydon is exploring this option for residential and nursing placement framework.

9 CONTRACT MANAGEMENT AND COMPLIANCE ARRANGEMENTS

- 9.1 The placements called off from the framework will require certain outcomes to be achieved (either related to the overall service or related to individuals).

9.2 Contract management and compliance arrangements will be specified in the Framework Agreement and call-off contracts and will include compliance audits at providers' premises, quarterly contract review meetings and intermediate ad hoc meetings as required, and service user satisfaction surveys. Outcomes from contract monitoring will also be incorporated as part of the evaluation of the mini- competition process

9.3 In addition in the framework agreement we will specify the key quality and performance requirements across the services, including defining KPIs where possible. The intention is that the Council's newly established contracts unit will take forward and develop the quality and performance.

9.4 CONSULTATION

For the past 18 months commissioners and personal support officers have been meeting with providers to negotiate current prices, mapping the current provision and identifying gaps in provision. To maximise provider interest in joining the framework, several market place engagement events will be organised, to explain how the Council intends to arrange placements in the future.

9.5 There will be opportunities for SMEs and small voluntary organisations to work with providers, either within a consortium or under sub-contracting arrangements for support services. We will hold an event to promote these arrangements and will explore a simple process for small organisations to register their interest in working with providers.

10 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

10.1 The anticipated cost of the spend on the framework has been established based on the following:

Revenue and Capital consequences of report recommendations						
	Current year	Medium Term Financial Strategy – 3 year forecast				
	2015/16	2016/17	2017/18	2018/19		
	£'000	£'000	£'000	£'000	£'000	
Revenue						
Expenditure						
LBC Learning and Physical disability	5,020	5,020	5,020	5,020	5,020	
LBC Mental Health	1,200	1,200	1,200	1,200	1,200	
Drug and Alcohol	470	470	470	470	470	
Income	0	0	0	0	0	
Net expenditure	6,690	6,690	6,690	6,690	6,690	

11.2 The assumption is that all new business will be allocated from the framework agreement from the outset, and that 20% of existing business will transfer to the framework arrangement over a four year period, reflecting the average turnover rate of people using these services. Based on this the total value of services called off of the framework over the four year term will be approximately £27m

11.3 The value of services that can be called off from the Framework is estimated but not limited to £6.78M per annum. The full contract value of the Framework contract over the four year term will depend on the speed at which legacy services under the existing contract arrangements are transferred.

12. **The effect of the decision:** will be to allow the procurement of a framework agreement with a number of service providers to deliver the Council's requirements for adult residential and nursing placements with a total value of £27m.

12.1 Risks:

Risk	Impact	Likelihood	Score	Mitigation		
Lack of innovation	4	2	8	Agree different quality/price weighting		
SME and small voluntary organisations excluded	3	3	9	Encourage consortia and sub contracting		
The Market does not respond	5	2	10	Engage with Market		
The call off approval process is cumbersome	4	3	12	Agree a different approval process		
Lack of capacity amongst commissioners for TAPs	3	1	3	Plan well in advance		

12.2 There are no TUPE implications of procuring the Framework itself as no services will be called off until the Framework is in place.

12.3 There are no TUPE implications for LBC staff since none of the work being procured/tendered under this Framework is currently undertaken by employees of the Council. However there is the possibility that TUPE may apply in the provision of these services between third party suppliers; LBC will play no part in this process other than to facilitate the process.

12.4 Future savings/efficiencies

Whilst the Framework will both lead to faster and more intelligent purchasing of care home places, it is not necessarily expected to contribute significant additional savings. However the Framework will contribute to achieving the targets set out in the commercial negotiations projects, by assisting with the volume discounts and offering more control and targeting with spot purchasing. Adult Social care has undertaken a benchmarking exercise, which has established that the Council is paying high prices for learning disabilities clients outside the borough, on the basis of the lack of in- borough provision. Therefore the Framework will enable the council to procure better value placements, and help identify gaps in the market.

12.5 Adult Social Care has identified £500k worth of savings for 2016/17, through developing cost effective prices for learning disability, physical disability and mental health placements which is being implemented through the commercial negotiations workstream and will be assisted by the Framework development.

Approved by: Lisa Taylor – Head of Finance and Deputy S151 Officer

13. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 13.1** The Council Solicitor comments that the procurement process as proposed in this report would meet the requirements of the Council's Tenders and Contracts Regulations and the statutory duty to demonstrate best value under the Local Government Act 1999

(Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer)

14. HUMAN RESOURCES IMPACT

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

- 14.2** (Approved by: Michael Pichamuthu HR Business Partner on behalf of Heather Daley, Director of Human Resources)

15. EQUALITIES IMPACT

- 15.1** An Equality Analysis was undertaken to assess the likely adverse impact the programme would have on protected groups compared to non-protected groups. The analysis concluded that a full equality analysis will be completed as several protected groups will be affected by the changes being introduced. The EA will identify protective groups that are not currently accessing the community services, and to identify tools that can be introduced to reduce the identified inequalities.
- 15.2** The service will help the council work towards increasing personalised services and independence for people accessing residential or nursing placements services as the Framework will allow clients to choose a provider from the approved list that is most appropriate to meet their needs.
- 15.3** The project will result in the procurement and implementation of an integrated framework agreement that will select providers to deliver services to the following client groups:
- People with learning disabilities
 - People with mental health problems
 - People with physical and sensory disabilities
 - People from BME communities
- 15.4** The analysis highlighted the need to develop more learning disabilities nursing placements for clients with high complex needs.

16. ENVIRONMENTAL IMPACT

16.1 All tenderers will be asked to describe the measures they have in place to minimise the impact of their business on the environment.

17. CRIME AND DISORDER REDUCTION IMPACT

17.1 There are no particular crime and disorder reduction impact issues.

18. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

18.1 The development of a new framework is likely to be more cost effective and therefore there is an appetite to transfer to a new framework at the earliest opportunity. The development of the Framework will be making the purchasing process much more efficient, through reducing the time taken on making placements, increasing the number of providers contacted about placements and then being able to report on how the systems are working in a timely fashion.

18.2 The services will help the council work towards increasing personalised services and independence for people accessing residential or nursing placements services as the Framework will allow clients to choose a provider from the approved list that is most appropriate to meet their needs.

19. OPTIONS CONSIDERED AND REJECTED

A number of procurement options were assessed, different from the framework itself, including only using an online directory. However only using an online directory would not allow the council to develop and build relationships with the local care market. The pros and cons of each option were considered in the business case. The Framework for adult placements brings together all the various arrangements for outsourced residential and nursing into a single procurement mechanism and is the most effective approach for procuring these services as it delivers synergy across these areas creating greater efficiencies.

CONTACT OFFICER: Alan Hiscutt Head of Commissioning Vulnerable Adults and Supported Housing
Adult Care Commissioning

BACKGROUND PAPERS There are no background papers