

For General Release

REPORT TO:	Cabinet Member for Communities, Safety and Justice
AGENDA ITEM:	public background paper to Investing in our Borough report - Cabinet 220118
SUBJECT:	Healthwatch Croydon
LEAD OFFICER:	Richard Simpson, Executive Director Resources
CABINET MEMBER:	Councillor Hamida Ali for Communities, Safety and Justice and Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	ALL
<p>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:</p> <p>Opportunity & Fairness</p> <p>Healthwatch contributes to opportunity and fairness through providing a consumer voice for users of health and social care services and their families, helping to ensure that these services are provided appropriately and those areas of concern are highlighted and dealt with.</p> <p>Creating growth in our economy – The preferred bidder will create local employment opportunities and volunteering opportunities.</p> <p>Helping our residents to be as independent as possible – The preferred bidder will work with partners to provide more integrated support in local communities.</p>	
<p>FINANCIAL IMPACT:</p> <p>Given this service is statutory and funded by a grant from the Department of Health, there is limited scope for savings.</p>	
<p>KEY DECISION REFERENCE NO.: N/A</p>	

<p>1. RECOMMENDATIONS</p> <p>1.1 The Cabinet Member for Communities, Safety and Justice in consultation with the Cabinet Member for Finance and Treasury is recommended to approve the award of Healthwatch Croydon contract to the Preferred Bidder upon the terms detailed in the associated Part B report for an initial term of 2 years with the ability to extend the arrangement for a further 2 years (maximum of 4 years in total).</p> <p>1.2 The Cabinet Member for Communities, Safety and Justice is asked to note that the name of the successful contractor and price will be released once the contract award is agreed and implemented after observing a (non-obligatory) standstill period.</p>

2. EXECUTIVE SUMMARY

- 2.1 The purpose of this report is to advise members of Contracts and Commissioning Board and the Cabinet Member for Communities, Safety and Justice in consultation with the Cabinet Member for Finance and Treasury of the procurement process for the Healthwatch Croydon tender, the evaluation undertaken to select the Most Economically Advantageous Tender and recommends the award of the contract.
- 2.2 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
11 December 2017	CCB1312/17-18

3. DETAIL

- 3.1 The procurement strategy to undertake a competitive tender to select a provider to deliver was agreed by CCB (ref CCB1271/17-18) dated 27th September 2017. In order to ensure that a good quality and effective Healthwatch is delivered for residents a Healthwatch Vision 2020 co-production event was held on the 13th September 2017.

The event brought together a diverse mix of key stakeholders including service users, voluntary sector, volunteers to have a discussion about the commissioning strategy and to work together and co-design a future vision for Healthwatch. The outputs from the informed the service specification.

- 3.2 The contract term will be for an initial term of two (2) years commencing on 1st April 2018 with the possibility to extend for a further period/periods of up to a further two (2) periods of 12 months, four (4) years in total, based subject to funding, performance and need. The total contract value including the full 12 month extension period is a maximum of £748k.
- 3.3. There will be approximately 3 months for mobilisation from January to March 2017.
- 3.4 The tender was advertised on The London Tenders Portal on 16th October 2017 and closed on 10th November 2017. A single-stage open tender under the light touch regime was run in accordance with the Public Contract Regulations 2015 (PCR 2015).
- 3.5 A total of six (6) tender applications were received in response to the advertisement.

Initial compliance checks

- 3.6 Tenderers were required to meet a series of compliance checks before quality and cost evaluation could be undertaken. All six (6) tenderers met these compliance requirements.
- 3.7 In order to ensure the contract was delivered by a Social Enterprise tenderers were asked to self-certify that they were a social enterprise and provide the relevant articles of association or equivalent documentation.

Professional and technical experience

- 3.7 All tenderers have relevant experience.
- 3.8 All tenders proceeded to the technical and professional ability - quality evaluation stage.

3.9 The evaluation criteria were published in the Invitation to Tender (ITT). Quality criteria were weighted at 60%.

3.10 The quality criteria and weightings were as follows:

Question number	Quality criteria	Maximum score points	Weighting %
6.4.1	Governance and Structure	5	5%
6.4.2	Implementation Plan	5	10%
6.4.3	Approach to Statutory Functions	5	2%
6.4.4	Meeting Healthwatch England's standards quality	5	2%
6.4.5	Value for Money and Sustainability	5	4%
6.4.6	Improving Local Decision Making	5	9%
6.4.7	Social Value	5	2%
9	Premier Supplier Programme	5	2%
Panel Interview Questions Only			
6.4.8	Engagement and Consultation (service user panel)	5	12%
6.4.9	Influencing the Commissioning Process	5	12%
		5	2%
Total		45	60

3.11. Tenderer responses to questions 6.4.1 to 6.4.7 and question 9 (PSP) were evaluated.

3.12. The tender evaluation panel was made up of:

- Senior Community and Voluntary Sector Officer
- Director of Public Health
- Category Manager
- Senior Joint Commissioner

3.12 Each person individually scored the responses to the quality method statement questions 6.4.1 to 6.4.7 and 9 (PSP). The score for each response were graded 0-5, 5 being an "excellent" score.

3.13 Tenderers were required to achieve a rating of "fair" , i.e. a minimum score of 2 or more, for each response otherwise they would be deemed to have "failed" and their tender responses rejected in its entirety.

3.14 In addition, any submission that failed to reach the overall quality threshold of 17 marks prior to application of any weighting, would be rejected and would not be considered further.

3.15 The evaluation panel met with two Procurement Officers to moderate and agree scores and identify any questions for clarification with the tenderers.

- 3.16 Five (5) tenderers achieved or exceeded the quality threshold and proceeded to price evaluation.
- 3.17 One (1) tender failed to reach the quality threshold score of 17 points and as a result was eliminated and their bid not considered any further.

Financial evaluation cost/volume

- 3.20 The total weighting for prices was 40%.
- 3.21. The five (5) tenders achieving the quality threshold were assessed on their prices
- 3.22. Tenderers were asked to bid on the following basis:

Service	Price £ exclusive of VAT	Weighting %
Annual Cost of Service		40%
<i>For Information Only</i>		
<i>Staffing Costs</i>		
<i>Overheads Costs</i>		
Total weighting		40%

- 3.19 Price submissions were evaluated and scored.
- 3.19 The moderated quality scores from questions 6.1 to 6.7 were added to the price score and ranked accordingly. Five tenderers were invited to attend a Panel Interview to provide a presentation in response to questions 6.8 and 6.9.

Co-production Panel Interviews

- 3.18. Two panel Interviews were arranged with the five tenders who were required to provide a presentation in response to questions 6.4.8 and 6.4.9.
- 3.19 The first panel was formed of service users and residents and evaluated tenderers responses to question 6.4.8
- 3.20 The second panel was formed of Council officers and representatives from community organisations and evaluated tenderer responses to question 6.4.9.
- 3.20 The panels scored the presentations overall in the same 0-5 format as the tender response questions. Each presentation was worth 12% making a total of 24% for the panel interviews.

Final evaluation

- 3.20 The quality scores from the first and second panel interviews were combined with the Initial quality and price scores to provide a final moderated score and ranking.
- 3.21 The highest combined score determined the recommended tenderer.

3.22 The outcome of the scoring is detailed in the associated Part B report.

Economic and financial standing

3.26. To encourage social enterprises to participate in the tender permission was sought from the section 151 officer change the requirement for tenderers to meet the turnover requirement. Organisations were asked to state their annual turnover and provide any additional information for assessment. If an organisation was unable to meet the turnover requirement or the recommended transaction size from the health score, they can be evaluated as part of an alternative financial health assessment. The Council applied a proportionate financial assessment, comprising:

- Evidence of the social enterprise meeting good governance requirements
- Reviewing the submissions and estimating a realistic baseline
- Evidence of the social enterprise having a sound financial plan, cash flow etc.
- Evidence of available funds

3.27 An Economic and Financial Standing check was undertaken for the preferred bidder.

3.28. The preferred bidder has a health score of "Good" and a recommended transaction size of £1.1 million per year. The annual value of the contract is £187,000.

4. CONSULTATION

4.1 A key stakeholder and service user event was held on 13th September 2017 and stakeholders were consulted with on the development of the service specification prior to tendering. A market shaping event was held on the 25th September to stimulate the market.

4.2. To help scope the procurement a market engagement event was held on 25th September 2017 prior to the tender going live.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 The costs associated with this contract will be funded from the Council's Budget and are as follows:

1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Revenue Budget available		187	187	187
Expenditure				
Income				
Effect of decision from report				
Expenditure		187	187	187
Income				
Remaining budget		0	0	
Capital Budget available				
Expenditure				
Effect of decision from report				
Expenditure				
Remaining budget				

The effect of the decision

A contract will be awarded for Healthwatch Croydon to the Preferred Bidder for a term of two (2) years with the option to extend for a further 2 options of 12 months (maximum term of four (4) years), at a total maximum contract value £748,000. Commencement date will be 1st April 2018.

The contract is better value for money because:

- The preferred bidder has demonstrated extensive experience in the delivery of a Healthwatch contract and will bring enhanced service improvements and outcomes which will support future health and social care commissioning.
 - The Preferred Bidder is signing up to the Premier Supplier Programme offering a 1.25% rebate
 - The Preferred Bidder has submitted prices that are slightly under budget.

Risks

TUPE may apply to some staff from the current contract. The Preferred Bidder has demonstrated that they have considered how they will take this into account. Further assurances will be sought during mobilisation that this has been addressed. Further advice will be sought from HR during mobilisation.

There is a low risk of the Preferred Bidder taking a long time to mobilise and provide the services required. However the provider demonstrated a robust mobilisation plan. This will be mitigated through a communications and community engagement plan and contract management during the mobilisation period which is almost three months.

There is a low risk that the contracted services do not contribute to the outcomes for the Borough. However, this will be mitigated by robust performance and contract management, which will be put in place.

There is a low risk of any relevant data transfer. This will be mitigated through active engagement during the mobilisation period.

Healthwatch is a statutory service and is funded by Department of Health. Funding of £194,000 has been agreed for 2017/18, but is unknown thereafter. The funding allocation is announced in November and allocated in January of each year. If the funding for this activity were to cease, then the expectation would be that the service delivery would also cease.

Options

Further extend the current contract.

The current contract is due to expire on 31st March 2017. The Healthwatch Croydon is a statutory service and there would be insufficient time to conduct a further procurement process which would require the contract to be directly awarded to the existing/replacement provider to ensure service provision. However, this would not be in accordance with the Public Contracts Regulations 2015. Furthermore, as the contract has been running for a lengthy period of time the Council would be unable to implement any improvement in service delivery or outcomes and demonstrate that entering into a direct award arrangement would deliver Value for money.

Award the contract

The recommendation is to let the contract to the provider listed in the associated Part B report.

5 Future savings/efficiencies

The contract is better value for money because:

- The preferred bidder has demonstrated extensive experience in the delivery of a Healthwatch contract and will bring enhanced service improvements and outcomes which will support future health and social care commissioning.
- The recommended tenderer is signing up to the Premier Supplier Programme offering a 1.25% rebate
- The recommended tenderer has submitted prices slightly below budget.
- The overall quality of service will improve

Approved by: Ian Geary Head of Finance, Resources & Accountancy)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that the procurement process as detailed in this report is in accordance with the Council's Tenders and Contracts Regulations and the Council's duty to secure best value under the Local Government Act 1999.

Approved by: Sean Murphy, Head of Commercial and Property Law & Deputy Monitoring Officer, on behalf of the Director of Law & Monitoring Officer.

7. HUMAN RESOURCES IMPACT

7.1

(To be Approved by: [A. N. Other] on behalf of the Director of Human Resources)

8. EQUALITIES IMPACT

8.1 An initial Equality Analysis has been undertaken. Its findings are a positive impact on protected characteristics

9. ENVIRONMENTAL IMPACT

9.1 N/A

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 N/A

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 Following a tender process the Cabinet Member for Communities, Safety and Justice in consultation with the Cabinet Member for Finance and Treasury is recommended to approve the award of contract for Healthwatch Croydon to the contractor and upon the terms detailed in the associated Part B report.

12. OPTIONS CONSIDERED AND REJECTED

12.1 As section 2 of this report

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BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

N/A

APPENDIX (if appropriate). If listed, these will be printed/published with the Part A report – N/A