



ADDITIONAL / TO FOLLOW AGENDA ITEMS

This is a supplement to the original agenda and includes reports that are additional to the original agenda or which were marked 'to follow'.

NOTTINGHAM CITY COUNCIL

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE

Date: Wednesday, 13 January 2016

Time: 2.00 pm

Place: LB 31 - Loxley House, Station Street, Nottingham, NG2 3NG

Governance Officer: Zena West **Direct Dial:** 01158764305

AGENDA

Pages

10 HOMECARE DYNAMIC PURCHASING SYSTEM - KEY DECISION
Report of the Assistant Chief Executive.

3 - 8

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Agenda Item 10
13/01/2016

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE

Subject:	Homecare Dynamic Purchasing System (DPS)		
Corporate Director(s)/ Director(s):	Candida Brudenell Assistant Chief Executive		
Portfolio Holder(s):	Alex Norris		
Report author and contact details:	Antony Dixon Antony.dixon@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons:	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Total value of the decision: Nil			
Wards affected:	Date of consultation with Portfolio Holder(s): 16 th December 2015		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input checked="" type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
This report recommends establishment of a Dynamic Purchasing System for the delivery of Homecare outside of the Care at Home framework in order to address current capacity issues procured through an EU compliant process and to ensure greater oversight of price and quality for non-framework delivered care.			
Exempt information:			
None.			
Recommendation(s):			
1 Committee approves the establishment of a Dynamic Purchasing System for homecare purchased outside of the existing Care at Home Framework. Contracts awarded through the framework will run until 31 st December 2017 with the potential to extend these contracts for a further 2 years			
2 Committee delegates Authority to the Head of Contracting and Procurement to award and sign contracts to the successful Provider's identified through this process			

1 REASONS FOR RECOMMENDATIONS

- 1.1 Establishment of a Dynamic Purchasing System will ensure that care purchased outside of the Care at Home framework will be procured through an EU compliant process, with all Providers having passed basic qualification criteria and delivering to the same contract terms, providing a mechanism for responding to quality and delivery concerns.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The Care at Home Framework went live in January 2014. It divided the City into four zones based on Area Committee and Care Delivery group boundaries with a lead provider and support providers appointed for each zone. The intention of the model was for lead providers to pick up approximately 80% of homecare within their zone with support providers delivering the remaining packages.
- 2.2 The Care at Home Framework has failed to deliver the required homecare capacity intended within the model. The reasons for this are multifaceted and include: a failure to transition from the old homecare framework to the new; a significant growth in demand for homecare; sector wide problems with recruiting and retaining staff as a result of low rates of pay. The inability of current Care @ Home Framework providers to deliver the capacity of care required has led to a necessity to source provision from outside of the framework through the mechanism of spot contracts.
- 2.3 Analysis of recent data indicates that 62% of packages are being delivered through the Care at Home Framework, 23% through old homecare framework providers and 15% through spot contractual arrangements. The spot contracts are in place with 33 different providers and need to be managed manually on an individual placement basis, making financial and quality monitoring of packages difficult, and quality concerns difficult to address strategically. Spot contractual rates are generally higher than Care at Home Framework rates and there is often variation in the rates charged by the same provider. Significant resources are required to set up the large number of spot contracts required and manage these contractual arrangements, monitor end dates, chase approvals etc. This is currently estimated to be equivalent to a full time Contracts Assistant post
- 2.4 A dynamic purchasing system (DPS) allows for a number of Providers to be appointed to deliver services of a similar nature by successfully completing the PQQ stage of a two stage tender. It is dynamic in that Providers can easily join the system at any time by successfully completing the procurement process. This gives some flexibility for both Providers and the Purchasing organisation. It is therefore particularly suitable for making spot purchases as it allows for these to be made to any Provider in the known market who has passed the basic qualification criteria. In addition a DPS can generally be established relatively quickly as the PQQ stage only needs to allow 30 days for return of tenders, so to have the system set up in two months is not unrealistic. This is particularly important given the Council's need to address the large number of spot contracts urgently.
- 2.5 All purchases from a DPS, and therefore all care package allocations made through this route, will have to be made electronically through a purchasing system and contract awards reported on quarterly. As it is not envisaged that the majority of purchasing will be made from the DPS these restrictions should not have a major impact but do need to be taken account of. However the DPS will ensure

that all non-framework homecare purchases are compliant with both EU and Council Financial Regulations and are not open to challenge.

- 2.6 A major strategic commissioning review will be undertaken of the homecare system during 2016 in partnership with the CCG and the County Council. The intention will be to put in place a model of homecare which is able to deliver capacity requirements, be more outcome and enablement focused, able to attract a skilled and motivated workforce and limit financial pressures. Introduction of a Dynamic Purchasing System will enable a simplified and more robustly monitored homecare system during this period and for any transitional arrangements prior to the introduction of the new homecare model in 2017-18.
- 2.7 The value of homecare to be purchased through the Homecare DPS is anticipated to be approximately £3.9m per year. This figure is contained within existing assumptions for the Care at Home framework and pressures.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Do nothing
Current contracting arrangements would be continued as they are with the Framework being the first choice of option for services and then previous framework and non-framework providers. This option is not recommended due to the fact that a large amount of services risk being purchased outside of the EU procured Care at Home Framework, the resource requirements needed to manage such a system and because of concerns that spot contractual arrangements are not delivering value for money and quality concerns cannot be managed satisfactorily or required quality.
- 3.2 Re-open Existing Framework
The framework would be re-opened through a repeat tender to increase the number of providers within it and therefore its capacity. This option is not recommended due to risk of increased costs, potential risk of legal challenge, the timeframe required for implementation and doubts of whether required resource would actually result from doing so.
- 3.3 Transition All packages to Lead Framework Providers
All packages currently outside the Framework would be transitioned to the new framework. Depending on how this is done, TUPE may or may not occur. Where it occurs Service Users will take their carers with them and experience little disruption to services. Very careful planning around how to transfer packages would be essential to making this work and ensuring a smooth transfer for citizens. This option has been considered at length but is not recommended due to the resource intensive nature of undertaking such a process together with risk of legal challenge.
- 3.4 Develop new model
A new model would be developed and retendered. This would replace the existing framework which could be terminated and would aim to ensure all existing packages were brought into the same contractual framework. This work is now in motion but will not be ready to implement until 2017-18.

4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The existing Care at Home framework has not operated effectively and the use of spot contracts and the previous framework has been more extensive than anticipated. The new Dynamic Purchasing System (DPS) will effectively formalise the spot contract process and allow improved management and control. It is likely that costs will be no higher than the previous approach and indeed could reduce costs as providers will have to go through a procurement process.

5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The implementation of a DPS seeks to achieve additional resource and capacity required to meet demands in Homecare services to sit alongside the existing Care at Home Framework contract. The Council will attempt to place all packages under the existing Framework initially and only where suitable provision is not available will the Council seek to place through the DPS.

The aim of using this type of procurement process is to formalise and make more consistent, the mechanism for procuring Homecare services in addition to the existing Framework.

The Council will set up a DPS to enable a flexible approach to add Providers to the DPS to ensure continued sufficiency in resource, allow the Council to benefit from new entrants in the local market as well as enabling a more accessible route to Providers to offer services to the Council.

An EU compliant tender process will be undertaken allowing the Council to quality assess provision of services placed outside the Framework as well as ensuring value for money.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 Social Value is inherent in the subject matter of this procurement, as a service to meet the needs of vulnerable citizens. However the possibility for creating additional social value (for example generating employment and training opportunities) will be considered as part of the procurement process.

7 REGARD TO THE NHS CONSTITUTION

- 7.1 None

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

(Please explain why an EIA is not necessary)

This report relates to a different form of contracting for existing provision and therefore an EIA is not required

**9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT
(NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT
INFORMATION)**

9.1 None.

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

10.1 None.

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

11.1 Kate Lowman – Procurement Category Manager
Ian Greatorex – Finance Project Manager
Dionne Screamon – Solicitor

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