

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Councillor Alex Sanderson, Deputy Leader

Date: 02/12/2025

Subject: Procurement Strategy for Direct Payments Support Service

Report Author: Lydia Sabatini - Programme Lead, Adult Social Care Commissioning

Responsible Director: Jacqui McShannon, Executive Director People's Services

SUMMARY

This report seeks approval for the procurement strategy for the recommissioning of the Direct Payments Support Service contract. The Direct Payment Support Service provides residents who use direct payments with a range of services including advice and training. The strategy sets out a new vision for the service which will maximise the opportunities that DPs offer and support DP users to better meet their personal outcomes, enabling every resident to access high-quality, person-centred support that empowers every resident with increased choice in their care so they can live as independently as possible for as long as possible.

RECOMMENDATIONS

The Cabinet Member approves:

1. That Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. The procurement strategy for the Direct Payment Support Service contract for an initial period of three years with the option to extend for a further two years, commencing 1st June 2026.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Corporate Plan and the H&F Values
Building shared prosperity	Ensuring residents are empowered to have more choice in their care - to be healthy and active,

	make their own decisions and, live as independently as possible.
Creating a compassionate and inclusive council	Coproduction with key stakeholders was undertaken to inform the service specification and evaluation criteria
Doing things with local residents, not to them	Maintaining high standards of existing contracts and inclusion of resident representation on the evaluation panel.
Being ruthlessly financially efficient	Open tender procurement exercise to ensure value for money across both services through diverse options - i.e. doesn't exclude potential providers
Taking pride in H&F	A service that shares our social values and works in partnership with us
Rising to the challenge of the climate and ecological emergency	This will be considered as part of the evaluation process e.g. digital solutions.

Financial Impact

The financial implications of this re- procurement strategy will be included as part of the overall evaluation which will include legal, risk management and finance, once the contract award report is available in January 26, in sufficient time prior to the proposed contract award start date of June 1st 2026.

It is anticipated that this commitment will be met from the Adult Social Care Commissioning Third Sector Revenue Budget in 2026/27 and for each subsequent year, subject to the appropriate annual budget sign off.

These are contained in Exempt Appendix 1.

Implications by Prakash Daryanani, Head of Finance, 24 October 2025

Verified by Sukvinder Kalsi, Executive Director of Finance and Corporate Services, 5 December 2025

Legal Implications

The proposed use of the open procedure satisfies the requirements of the Council's Contract Standing Orders.

The appropriate decision maker is the Cabinet Member.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 21st October 2025

Procurement Comments

The Contract falls within the scope of the “light touch” regime as defined in the Procurement Act 2023, and due to the value is classified as a High Value contract under our Contract Standing Orders (CSO’s). CSO’s require all High Value (above threshold) Contracts to be compliantly procured, via a tender or compliant framework. The procurement route recommended will require an Open tender process.

The procurement project must be set up on and undertaken using the [capitalEsourcing](#) eProcurement portal. All associated details and documents must be attached to the project, and all applicable legal notices must be published within their legislated deadlines.

The Commercial and Procurement Team will continue to work closely with the procuring officer to ensure that the procurement strategy outlined within this report complies with regulatory requirements

Joe Sardone Category Lead – People. Procurement and Commercial 22nd October 2025

Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

Background

1. Direct Payments (DPs) are the cornerstone of the Council’s vision for Independent Living. They allow users with statutory care needs (or a nominated person acting on their behalf) to receive a personal budget from the Council to find the care that best meets their assessed eligible needs and agreed personal outcomes. This is typically done using a pre-paid card.
2. Within the Care Act, statutory guidance, paragraph 12.2 Direct Payments are the Government’s preferred mechanism for delivering care and support. This is because they empower residents with more choice and control over the care they receive and who delivers that care.
3. The procurement of the support service is part of the wider systemic change needed to maximise the opportunities that DPs offer and support DP users to better meet their personal outcomes. This will include internal operational training for staff and developing local sufficiency of service offers that meet the range of needs required.

4. As of the end of September 27.4% of residents – 674 individuals - are receiving care and support are on DPs in Hammersmith & Fulham. This is in line with the national average.
5. The current provision supports DP users by answering queries, facilitating peer support, promoting direct payments, cultivating the Personal Assistant market and providing training to residents and Council staff. It has been in place since 2019.
6. The current contract has been in place since 2019 and in accordance with procurement regulations needs to be recommissioned on the open market. This procurement strategy sets out how recommissioning the service seeks to further empower residents to meet their care needs.

Vision for Direct Payments

7. The vision for residents in Hammersmith & Fulham is that each resident is empowered to shape their own care to get more of what they need when they need it in a way that connects people to their communities.
8. Direct payments are central to this vision as they enable every resident to access high-quality, person-centred support that empowers every resident with increased choice in their care so they can live as independently as possible for as long as possible.
9. This is in line with the wider vision for Adult Social Care in Hammersmith & Fulham and the Council's commitment to compassion and doing things with residents, not to them. It also aligns with the corporate plan's priorities to deliver safer, stronger and kinder communities.

Coproduction

10. Co-production has taken place with a selection of residents across the borough, both those who do and do not currently use DPs, to identify further areas of improvement for the service and suggest how future commissioning can deliver improvements.
11. Below is a summary of what residents have told us is important to them:
 - Transparent and accessible information, including non-digital information, and training to increase confidence as an employer
 - Advice and communications are prompt, clear and accessible to DP users with different needs
 - One stop shop- consistent point of contact
 - Accessible and regular opportunities for residents to share feedback, including peer support
 - Awareness of the support service to all residents on DPs

Future Service Model

12. The new contract includes several opportunities for new and innovative approaches that will support users to further maximise take-up of direct payments and achieve better outcomes:
 - Improving the recruitment, retention and accessibility of PA's by maintaining a register to support personalised care budget holders thereby supporting the Council in their statutory duty to meet eligible needs.
 - Implementing a new Direct Payment managed account function to support the uptake of Direct Payments and enable people to receive the appropriate level of help to receive and manage their personal budget, buying care that will truly benefit them and their life.
 - Including an option to manage accounts for Children's Services DPs as and when requested
 - Dedicated brokerage resource for personalised care and support planning (adults) and maximising the personal budget to achieve outcomes offer
 - Shared training offer to upskill multiple carers and PA's

Reasons for Decision

13. The Direct Payments Support Service contract was first awarded in 2019 and is due to expire on 31 May 2025. Therefore the contract needs retendering to remain compliant with procurement regulations.
14. As outlined in the strategy, an open procurement for this service will allow the Council to test the market whilst achieving value for money via a competitive tender process. A new, more flexible service model is needed to ensure timely support for residents.

Procurement Route and Analysis of Options

15. The supplies, service, and/or works being procured have been identified as falling within the scope of CPV code reference 85312310 (Guidance services) and 85312400 (Welfare services not delivered through residential institutions) and the expected Contract Value, assuming that any options to extend will be taken, means the procurement falls in-scope of the Light Touch Regime and the Councils Contract Standing Orders (CSOs).
16. Officers have undertaken an options appraisal in collaboration with key stakeholders. The options considered are:

Option 1: Decommission the service or requirement –Not recommended

17. This is not recommended as the offer of direct payments support services is statutory for eligible individuals in England under the Care Act 2014.

Furthermore it is in line with our strategic vision to empower more people to have choice in their care and further improve their personal outcomes.

Option 2: Deliver the supplies, services, and/or works in-house (make/buy decision) –Not recommended

18. Advantages of this approach include local knowledge, connections with cases and services and greater influence over delivery.
19. However this option is not recommended due to lack of existing capacity to deliver.

Option 3: Use an existing contract, established by the Council, to provide the supplies, services, and/or works –Not recommended

20. This is not recommended as there is no appropriate existing contract under which these services can be provided.

Option 4: Procure using a compliant framework, Dynamic Purchasing System (DPS), or Dynamic Market –Not recommended

21. This is not recommended as there is no known framework for the services required.

Option 5: Undertake a fully regulated competitive and compliant procurement process, advertised to the market – Recommended

22. This option is recommended. The service would be commissioned by the local authority through a third-party provider identified through a competitive open tender procurement exercise. The successful provider will be responsible for the employment of all staff and delivery of commissioned activity.
23. While the market is niche and limited, there is expected to be sufficient competition within the market to facilitate a competitive tender exercise, as eleven organisations attended the market engagement exercise and further organisations are known of who provide similar services and may tender.
24. This is an opportunity to test the market to ensure value for money, which is needed as the contract hasn't been tendered.

Conclusion

25. On the basis of the above, Option 5 is recommended. There is a sufficient pool of providers available to meet the delivery requirements, providing the opportunity to test the market for innovative delivery models.

Market Analysis and Engagement

26. Preliminary Market Engagement (PME) has been completed for the Carers Hub session. 11 organisations attended the market engagement session our session, most of which could be expected to realistically meet the contract specification.
27. The PME consisted of a session held via MS Teams in which the commissioning delivered a brief presentation notifying the attendees of the contract core components and projected procurement timeline.
28. The event provided an opportunity for potential suppliers to engage directly with the Council, gain insight into the commissioning priorities, and discuss their operating models. Suppliers were also invited to ask questions and share feedback in a survey subsequent to the commencement of the open tender process, aiming to aims to promote transparency, support market readiness, and ensure the procurement is informed by sector expertise.
29. Distortion of competition during market engagement activities was avoided through Publishing the opportunity to take part in market engagement activities through a UK Preliminary market engagement notice for the tender 2025/S 000-064688 notice reference 2025-048828 with sufficient notice to enable providers to participate in PME activities.

Local Economy and Social/Added Value

30. There is expected to be a small but sufficient pool of providers available within the market to meet the delivery requirements, providing the opportunity to test the market for innovative delivery models. Commissioning through a competitive procurement process presents the best value for money whilst meeting the required service specifications.
31. There is huge potential for DPs to develop local markets and foster economic activity in the community as users of the service will likely employ local people and community groups to care for them.
32. Social value for this contract will be evaluated by the Social Value Portal as is standard.

Lot Considerations

33. The contract is not being split into lots so residents have a single joined-up system from which to access support for direct payments and ensure economic viability for potential providers.

Duty to Consider Small and Medium-sized Enterprises (SMEs) and Voluntary, Community, and Social Enterprises (VCSEs)

34. As outlined in the options appraisal, some neighbouring authorities deliver this service in house, however commissioning through a competitive procurement process presents the best value for money whilst meeting the required service specifications.
35. By growing our DP use and the brokerage function of the support service there is huge potential to grow SMEs and VCSEs in the community as part of the outcomes of this contract.
36. The opportunity will be available as an open tender and therefore any suitable provider is able to competitively participate. This will attract VSCEs, as some attended our market warming event and expressed interest in a tender. It is typical for it to be VSCEs who have direct payment support services as their core business. For example the incumbent provider is a VSCE, and we expect a strong response from other similar organisations.

People Based Considerations

37. It is anticipated that the Transfer of Undertakings (Protection of Employment) Regulation 2006 (UKSI 2006/246) (TUPE) will be applicable to the Direct Payments Support Service contract. Full details will be provided by the current providers to be utilised as required in the tender process.

Risk Assessment and Proposed Mitigations

38. The table below includes the key risks and proposed mitigations identified as being relevant to the Direct Payments Support Service contract.

Identified Risk	Proposed Mitigations
1. Tender process – timelines to deliver objectives and finalise procurement in time for mobilisation	Project officer will work with the service on actions required to ensure risk to service delivery is minimised
2. Market sufficiency - risk of not having the right providers/ sufficient number to tender	Despite a small provider market for these contract, available providers are known and delivering to a high quality, including providers currently delivering the services. A pre-tender notice was issued to engage the market prior to the launch of the tender and the market engagement session well-attended.
3. Resource – risk of project slippage if key staff are unavailable at peak times e.g. mobilisation over winter period, staff absence or changes	Officers will work to use to an established timeline with resource available across the team in the event of staff absence.

Identified Risk	Proposed Mitigations
4 Mobilisation — Slippage in timeline would particularly impact mobilisation period, creating risk of service disruption for residents if new service is not ready in time for contract end date.	Detailed mobilisation plan will be created and monitored.
5. Contract value – risk that providers will submit tender in excess of the contract value given inflation and projected increase in demand nationally	Competitive tender process will encourage providers to price reasonably and competitively.

Contract Duration Considerations

39. The contract will run for maximum of 3 (three) years, with the option for 1 (one) further 2 (two) year extensions, in essence a maximum 5 (five) year contract.
40. Contracting for this period ensures continuity of provision for delivery of these statutory services.

Timetable

41. The table below provides an estimated timetable of the competition process through to contact commencing.

Action	Date
Key Decision Entry (Strategy)	Wednesday, 24 September 2025
Preliminary Market Engagement Notice	Monday 15 th Oct 2025
Key Decision Entry (Award)	Friday 17 th October
CTB (Strategy)	Thursday, 30th October 2025
PLT Sign Off	Tuesday 4 th November 2025
Contracts Assurance Board (Strategy)	Wednesday, 5th November 2025
Cabinet Member Sign-Off (Strategy)	Monday, 10 th November 2025
Tender Notice Published	Monday, 17th November 2025
Closing Date for Clarifications	17:00 on Friday 1 st December 2025
Closing Date for Procurement Responses	12:00 noon on Wednesday, 17th December 2025
Evaluation of Procurement Responses	Friday, 9th January 2026
Moderation	Friday 16 th January 2026

CTB (Award)	Thursday, 22 nd January 2026
PLT Sign off (award)	Tuesday, 27 th January 2026
Contract Assurance Board (Award)	Wednesday, 28 th January 2026
Cabinet Member (Award)	Monday, 9 th February 2026
Assessment Summaries (sent to providers)	Tuesday, 10th February 2026
Contract Award Notice (Standstill Period Starts)	Tuesday, 10th February 2026
Standstill Period Ends	Thursday, 19th February 2026
Contract Engrossment	Thursday 26 February 2026
Contract Signed	Friday, 27th February 2026
Contract Mobilisation and Implementation	Monday 2 nd March 2026
Contract Start Date	Wednesday, 1 st June 2026
Service Start Date	Wednesday, 1 st June 2026
Contract Details Notice Published	Wednesday, 1 st June 2026
Contract End Date (initial term, excluding extension periods)	Thursday 31 st May 2029
Contract End Date (including all extension periods)	Saturday 31 st May 2031

Selection and Award Criteria

42. An evaluation panel will be identified to assess quality and price. The exact evaluation criteria are still being defined but will broadly be based on the following.
43. Quality – Assessed against responses to several method statements, that will also cover added value requirements. The following evaluation criteria will be used.

Criteria	Weighting	
Quality, including Added Value (60%)	Quality	Added Value
	48%	12%
Price (40%)	40%	
Total (100%)	100%	

44. The Contract Standing Orders (para 37) recommend a quality: price ratio of 60:40 as a standard. Given the focus on quality through the procurement process, a robust mobilisation and communication plan, social value and high-

quality specifications, the 60:40 ratio will deliver safe and appropriate services that maintains current quality standards.

45. Budget Approach: Potential suppliers will be assessed on the value and volume of services they can deliver. Potential suppliers must provide a detailed pricing schedule showing direct and indirect costs. Evaluation will consider:

46. Direct Costs Ratio

Ratio of indirect costs vs. direct costs to encourage allocation of resources towards service delivery and minimise overhead (head office fee/surplus/profit).

$$= \frac{\text{Bid DS Ratio}}{\text{Highest DS ratio}} \times \text{Marks}$$

47. Each potential supplier's overall combined score for price and quality will be used to identify the preferred supplier, who will be recommended for a contract award.

Contract Management

48. Contract management will be the responsibility of the Commissioning Team. The Council will:

- Maintain oversight of provider activity, compliance and performance
- Undertake quarterly monitoring through contract monitoring meetings including monitoring of performance management information
- Ensure all issues and concerns are escalated, and decisions made in a timely manner
- Be available for contract advice and queries

49. To minimise the impact of inflation on Council budgets, new clauses have been drafted which state that any adjustment linked to CPI inflation shall not exceed 3% per annum. It is recognised that in some circumstances inflation for some cost elements may exceed the 3% and the Contractor shall be permitted to submit an annual price review request on an open book basis. Any agreement to price increases over and above 3% per annum shall be at the complete discretion of the Council. To note, the impact of this inflationary clause over the contract period is not reflected in the recommendations.

Equality and Inclusion Implications

50. The report seeks to improve the levels of delivery included in the current service specifications. There are no anticipated direct negative impacts on groups with protected characteristics under the Equalities Act 2010. The completed Equalities Impact Assessment (EIA) is attached at Annex 1.

51. The specification and KPIs will require providers to report on service usage by protected groups and make a plan to proactively increase service use by groups that are disproportionately underrepresented. All complaints, including those touching on inclusion and equality issues, will be monitored and reported. Users will be surveyed regularly to ensure their satisfaction with the service and any equalities issues will be reported and picked up as part of contract monitoring.

52. The service must be culturally competent and responsive to the needs of residents from diverse racial, ethnic, and religious backgrounds. Providers will be expected to demonstrate in the tender how they will ensure equitable access, culturally appropriate support, and sensitivity to religious practices in care planning and delivery.

Protected Characteristic	Service Features
Disability	Accessible communication options, peer support, services that help residents live more independently with more choice in their care
Age	Non-digital communication options, peer support
Race/Religion	Cultural competence training will be mandated for provider staff as part of the specification. Equalities training will be offered to provider staff and PAs
Gender Reassignment	Cultural competence training will be mandated for provider staff as part of the specification. Equalities training will be offered to provider staff and PAs
Sexual Orientation	Equalities training for staff will be required in the specification and equalities training offered to PAs
Marriage & civil Partnership	Equalities training for staff will be required in the specification and equalities training offered to PAs
Sex	Equalities training for staff will be required in the specification and equalities training offered to PAs
Care Leaver Status	Equalities training for staff will be required in the specification and equalities training offered to PAs

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Verified by Yvonne Okiyo, Strategic Lead Equity, Diversity and Inclusion, 29th October 2025

Risk Management Implications

53. The re-procurement of the Direct Payment Support Services has provided the Council with the opportunity to consult with residents to shape the service for the future and identify the priorities for the service.
54. The key risks associated with this procurement have been identified in the report with appropriate mitigations outlined to manage these risks.
55. The report identifies that TUPE is likely to apply. This needs to be managed effectively so that the timeline for mobilisation can be maintained and sufficient resources are available for the start of the contract.

Verified by Moira Mackie, Head of Internal Audit, 27 October 2025

Climate and Ecological Emergency Implications

56. Direct Payment Support Services such as training, brokerage and information and advice will often be delivered remotely using phone calls and online video calls. In-person events will be held in-borough meaning residents will be encouraged to use public transport to travel to them. This reduces the need for H&F office space and reduces the travel needs of staff. This has positive impact on the response to the climate and ecological emergency.

Ben Kennedy, Senior Service Manager, Transport & Climate, 22 October 2025

Local Economy and Social Value Implications

57. In line with the Council's Added Value Policy and Sourcing Strategy, this procurement will dedicate 20% of the quality envelope weighting (12% of the overall evaluations) to Added Value.
58. On award of the contract(s), the commissioner will ensure that the Added Value commitment offered at tender stage is stated as a contractual output.
59. Our standard contracts include clauses which refer to penalties for non-delivery against social value commitments.
60. It is recommended the Social Value Officer and commissioner meet at each stage of this procurement to ensure that the Added Value received is aligned with the 3 categories within the Added Value strategy and the Added Value

Matrix (Inclusive Economy, Happier and Kinder H&F, Responding to the Climate Emergency).

61. Social Value Portal will be used for evaluating the Added Value element of all tender submissions in compliance with the agreed corporate procurement approach. The commissioner will work closely with the Social Value Officer to ensure commitments are reported regularly on the Social Value Portal by their suppliers.

Harry Buck, Social Value Officer (Procurement), 22nd October 2025

Digital Services and Information Management Implications

62. This document is requesting approval of the procurement strategy and digital implications of any resulting contract awards will be considered and assessed in the later stages. It is important that Digital Services continue to be an integral part of the exercise to ensure that any IT requirements are met, that all necessary safeguards, permissions and budgets are in place, and that any IT work undertaken is in alignment with the digital strategy.
63. IM Implications: A Data Privacy Impact Assessment (DPIA) will need to be completed to ensure that all the potential data protection risks around this new contract are properly assessed with mitigating actions agreed and implemented.
64. Suppliers will be expected to have a Data Protection policy in place and staff will be expected to have received Data Protection training. Contracts will need to include H&F's data protection and processing schedule, which is GDPR compliant.
65. It is also important suppliers' digital tools and services must be accessible to everyone – staff and the public, which is a legal requirement and must be considered from the start, covering the front- and back-end.

Umit Jani, Strategic Relationship Manager for People, 22nd October 2025

LIST OF APPENDICES

Exempt Appendix 1 – Project Financial Details
Appendix 2 – Equalities Impact Assessment (EIA)