

	<p>London Borough of Hammersmith & Fulham</p> <p>HOUSING HEALTH AND ADULT SOCIAL CARE SELECT COMMITTEE</p> <p>22rd January 2013</p>
<p>TITLE OF REPORT Self Directed Support Services Procurement and HAFAD.</p>	
<p>Report of the Tri-Borough Executive Director for Adult Social Care</p>	
<p>Open Report</p>	
<p>Classification - For Scrutiny Review & Comment</p> <p>Key Decision: No</p>	
<p>Wards Affected: All</p>	
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1. EXECUTIVE SUMMARY

- 1.1. The Borough of Hammersmith and Fulham has been working in partnership with the Boroughs of Brent, Hillingdon, and Kensington and Chelsea regarding the procurement of a Framework Agreement for Self Directed Support (SDS) Services for Adults and Children and Young People.
- 1.2. Through this procurement, the Council has procured a preferred provider list to use to call off SDS services. The duration of the framework agreement is four years.
- 1.3. Delegated Authority to award the Framework Agreement via the Cabinet Member for Community Care was granted in September 2011. The procurement process has been completed and the Cabinet Member's Report was signed in October 2012.

- 1.4. This report to the Health Select Committee has been requested as a result of concerns in relation to the current provider of Direct Payment Support, HAFAD, who were not successful in the procurement process.
- 1.5. The purpose of the report is to address these specific concerns and to clarify the procurement process, and to explain how the transition to a new service arrangement will be managed. This will be achieved through close partnership between commissioners, operational staff and HAFAD.

2. RECOMMENDATIONS

- 2.1. The committee is asked to note the content of the report, and the ongoing partnership work with HAFAD.

3. INTRODUCTION AND BACKGROUND

- 3.1. The intention of the procurement was to commission services that build on the support provision already available in the borough, offering eligible service users the flexibility and choice they need to manage their direct payments and personal budgets.
- 3.2. Four Councils collaborated over the procurement, and in recognition of the fact that each of the boroughs is very different, the framework sets out 4 lots which cover the general range of services that the 4 boroughs want to make available.
- 3.3. Within this general range of services, providers were able to opt to be on the preferred provider list for each Lot to provide either generic services or specialist services to people with a particular need (e.g. Learning Disabilities, people with Mental Health needs, people with physical or sensory disabilities).

Lot 1: Direct Payments Support Service (Adults)

Lot 2: Support Planning and Brokerage Service (Adults)

Lot 3: Direct Payments Support Service (Children and Young People)

Lot 4: Support Planning and Brokerage Service (Children and Young People)

- 3.4. The procurement process was completed in September 2012, and (up to) the 5 top bidders for each lot were selected to be on the framework. The details of the successful bidders was provided in the relevant Cabinet Members Report and the organisations on the framework and offering to provide services in the Borough of Hammersmith and Fulham is presented below.

Lot 1: Direct Payments Support Service (Adults)
Brent Mencap
Carehome Selection
Elders Voice (50+)

Penderels Trust
Richmond Fellowship (Mental Health)
Lot 2: Support Planning and Brokerage Service (Adults)
Thames Reach
Broadway Homelessness & Support
Community Options
Elders Voice (50+)
Penderels Trust
Lot 3: Direct Payments Support Service (Children and Young People)
Penderels Trust
HAFAD
Disablement Association Hillingdon
Lot 4: Support Planning and Brokerage Service (Children and Young People)
Penderels Trust
HAFAD

HAFAD

- 3.5. The current provider of Direct Payments (DP) support in the Borough of Hammersmith and Fulham is HAFAD. They offer different levels of support to around 350 users, including basic advice and information, peer support, support with monitoring, budgeting and dealing with agencies, employment advice and, for some users, sustained periods of intensive support.
- 3.6. HAFAD were among the organisations that tendered for inclusion on the framework, and though they fared well in terms of quality, the price that they submitted was much higher than any other providers. Depending on the type of service, this varied between 4 and 6 times more than the average price of the successful 5 providers (£100-£150 per hour for HAFAD, £25 per hour average for the successful providers).
- 3.7. Consequently, they could not be selected as one of 5 preferred providers and are not on the Adult services framework. They are one of 3 providers on the Children's services framework, but are again significantly the most expensive.
- 3.8. It was clear from discussions subsequent to completion of the procurement process that this was because they had misunderstood the instructions in relation to how the service should be costed. This is covered in more detail in sections 4.2 - 4.7.

Future Service Arrangements

- 3.9. As part of the development of personalisation and use of personal budgets, and in the context of making best use of the opportunities offered by the Tri-Borough arrangements, a major project has commenced to explore the potential for a 'best of three' operating model for personal budgets across Tri-borough.

- 3.10. Experience in Kensington and Chelsea suggests that an alternative operating model in which assessment and care management staff undertake basic PB-related support functions, backed up by an in-house finance team to handle DP administration and monitoring and a third party managed account service might be a possible alternative.
- 3.11. The potential benefits of this 'in-house' model are partly practical (streamlining and demystifying the customer journey, cutting out waste and duplication) and partly related to culture change, which becomes much more achievable when ASC staff are fully engaged with Personal Budgets.
- 3.12. As part of this model, it has been agreed that the provision of basic advice and information is core to the work of the operational teams, and no longer necessitates a specialist provider.
- 3.13. Consequently, though the original intention was for the Borough of Hammersmith and Fulham to use the framework to call off a contract for a Direct Payment Advice and Information Service, this is no longer the intention, and work will be focused on putting into place suitable interim arrangements to ensure that current users are effectively supported through a transition to the new Tri-Borough model. This detailed in sections 4.9 - 4.22.

4. PROPOSAL AND ISSUES

- 4.1. With the failure of HAFAD to secure preferred provider status on the framework, two questions have arisen which this report seeks to address:
 - **Was the tender process clear and fair?**
 - **Will the new service be as good as that currently provided by HAFAD?**
- 4.2. **Was the tender process clear and fair?**

Officers are confident that the tender process was fair and equitable. Information and responses to clarification questions were circulated to all providers via an on line portal, which ensures not only that all bidders receive the same information at the same time, but also provides an accurate record of exactly what was sent, and to whom. All the tender documents and processes were signed off by the borough legal services to ensure they met guidelines regarding fairness and transparency.
- 4.3. The key issue seems to be the instructions relating to how to price the service, and what should be included in the hourly rate. The tender documents state "*The hourly rate for support should include the hourly rate for front line support staff plus overheads*". HAFAD formed the view that a single hour of service should be priced to take account of an estimate of the additional hours of follow up work that might be required to deliver a particular outcome. Thus 1 hour of face time was priced equivalent to around 4 hours of work.

- 4.4. In relation to this specific area, the key clarification was issued on 24th April 2012 in response to the following question:

Question. Please could you confirm that when services are called off by the hour, that if the service required is for example a home visit plus follow up, that if this takes 3 hours to complete, all 3hrs will be chargeable and paid for?

Answer. The boroughs will call off and pay for the actual number of hours they require - which will include some face to face time as well as follow up and travelling time. As an example, if three hours are called off this may include 1 hour face to face, half an hour travelling time and 1 and a half hours follow up.

- 4.5. Consequently, there does not appear to be a firm basis for HAFAD's interpretation, and significantly, all other bidders appear to have priced as instructed.
- 4.6. On receipt of the initial price submissions, and noting the discrepancy in relation to HAFAD, all providers were asked to clarify their price with the message below.

We would like you to confirm the hourly rates you have submitted for all lots and contracts. We want to clarify that we require rates for one hour of support inclusive of all activities (except where we have requested a price with accommodation). Please confirm the prices you have submitted on your form of tender or re-submit any amendments in reply to this clarification by no later than 5pm on Tuesday 19th June 2012.

- 4.7. In relation to this action, the Legal Services Division comments as follows:

In running a procurement process the Council must ensure that it acts in a transparent manner and treats all tenderers equally. As a general rule this will mean giving the same information and opportunity for clarification to all tenderers.

The purpose of the clarification request was not (and should not have been) to give any of the tenderers a second chance at repricing their tender, simply to ensure that none of the tenderers had misunderstood what they were meant to be pricing.

It would have been wrong for the Council to approach only one tenderer to seek clarification on the basis that their prices seemed too high. That would have given that tenderer an unfair opportunity to reduce their prices with knowledge that the other tenderers didn't have. The approach taken by Council officers was in accordance with procurement rules.

- 4.8. In response to this query, HAFAD kept their pricing as it was. Consequently, they could not be shortlisted as a preferred provider on the new framework.

Will the new service be as good as that currently provided by HAFAD?

4.9. The current service provided by HAFAD was established in June 2005, and since then this organisation has been the key provider of advice information and support to users in relation to self directed support and direct payments, supporting users with a range of needs as illustrated below

Information (N.B. numbers are subject to further analysis and clarification).	No's
1) Level of Support	
<ul style="list-style-type: none"> • Low - information updates (newsletter) and peer support groups 	153
<ul style="list-style-type: none"> • Medium - some 1-to-1 support, information and advice incl. monitoring, budgeting, dealing with agencies and standard employment advice but no sustained periods of intensive support 	192
<ul style="list-style-type: none"> • High - periods of intensive support (e.g. complex employment support, reductions in employees terms and conditions or re-budgeting, negotiating with HMRC over repayment of tax arrears) Or Where DP user has little effective support network, has substantial access needs and needs a lot of support to understand complex situations. 	19
<ul style="list-style-type: none"> • Very High - a sustained level of high support when someone with very high support needs encounters a very complex situation. 	1

Needs Assessment

4.10. Officers are working closely with HAFAD to clarify the current levels of need of users supported by HAFAD, in order to establish the level of service they will require going forward. The DP support needs of all users will be reassessed in order to facilitate this process.

4.11. The indication at this stage is that there will be around 212 users with medium or higher levels of need, who are likely to need access to specialist DP support. All these users will be supported through the operational teams, a specific reviewing team and in partnership with HAFAD to ensure a smooth transition.

Advice and Information

4.12. As indicated in 3.12 above, the model going forward is that the provision of basic advice and information should be core to the work of the operational teams, and no longer necessitates a specialist provider.

4.13. However, in order to ensure that this change works effectively, it is crucial that operational staff have the capacity and skills to provide this basic service, and this is a key element of the transition planning.

4.14. HAFAD have previously offered to provide training for operational staff, and officers are working closely with them, operational managers and

Workforce Development officers to put in place the required training and development plan.

Specialist Support

- 4.15. With basic advice and information being provided from within the operational teams, input from a specialist provider will be required in relation to the set up of direct payments, in relation to employment (of a Personal Assistant) and where there is a need for ongoing support.
- 4.16. In order to offer this support, the framework will be used to call off a short-term (6-month) block contract for support with set up and ongoing management of DPs, pending the establishment of the new Tri-Borough arrangements. This will ensure that users have a single identified organisation providing their support.
- 4.17. As indicated in 4.11, operational staff and a specific reviewing team will work closely with individual users to support them with the transition from HAFAD to the new provider.

Peer Support

- 4.18. As indicated in the table above, users with all levels of support need have benefitted from the peer support service currently provided by HAFAD, and the intention is to continue of this service, with a new funding arrangement with them.

Transition Planning and Management

- 4.19. In general it is recognised that it is important to ensure that the transition process is carefully and sensitively managed, and that HAFAD are key partners in this process. Consequently, an implementation plan and governance structure has been developed, and HAFAD will play a key role in this.
- 4.20. Though the current agreement with HAFAD ends at the end of January 2013, it is recognised that their support will be key in assisting the council in this process, and a 2 month transition contract will be agreed with them, and officers are, and will continue to be, working closely with them.
- 4.21. In terms of the specific question above, as to whether the new service will be as good, this is not a like-for-like commissioning process. The world of personalisation has changed significantly since the original service was established, and it (personalisation) is and should be part of everyone's business, no longer appropriately only delivered by specialist service providers.
- 4.22. The framework will enable users to get specialist support when they need it, for as long as they need it, HAFAD will continue to provide a peer support service, and will support the training and development of operational staff, but this represents a transitional arrangement, supporting users while a significantly different model of service is developed and implemented. Ultimately this will offer a more appropriate support

arrangement for people, but it will not be the same as that currently offered by HAFAD.

5. CONSULTATION

- 5.1. The details of the consultation processes, particularly with service users are detailed in the original Cabinet Members report.
- 5.2. In terms of the process of managing the transition, officers have worked closely in consultation with HAFAD, and have discussed issues and arrangements with DP users. Further information and updates for users are planned as part of the transition process.

6. EQUALITY IMPLICATIONS

- 6.1. The Equality Impact assessment and issues were detailed in the original Cabinet M embers report. The intention of the transition planning is to ensure that the impact on service users is negligible, and that users who require support in relation to their DP's will continue to receive it.

7. LEGAL IMPLICATIONS

- 7.1. The legal implications of the procurement were detailed in the original Cabinet Members report. A specific comment in relation to the actions taken in response to the pricing information received is included at 4.7.

8. FINANCIAL AND RESOURCES IMPLICATIONS

- 8.1. The financial and resource implications of the procurement were detailed in the original Cabinet Members report.

9. RISK MANAGEMENT

- 9.1. The risks associated with the procurement were addressed in the original Cabinet Members report.
- 9.2. As is clear from the report, the transition process from current to new arrangements presents a risk, particularly for users of the services. The transition planning, including as it does close work with HAFAD including their participation (along with commissioning and operational officers) in the governance structure, is intended to manage, minimise and/or mitigate these risks.

10. PROCUREMENT ISSUES

- 10.1. Procurement issues were addressed as part of the original Cabinet Members Report.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	None		