


<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>5 SEPTEMBER 2016</p>	
<p>LEARNING DISABILITY PROCUREMENT STRATEGY FOR FLEXIBLE SUPPORT</p>	
<p>Report of the Cabinet Member for Health and Adult Social Care : Councillor Vivienne Lukey</p>	
<p>Open Report</p>	
<p>Classification - For Decision</p>	
<p>Key Decision: YES</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Mike Boyle, Director of Strategic Commissioning and Enterprise Adult Social Care and Health</p>	
<p>Report Author: Christine Baker, Category Manager Ann Lloyd, Strategic Commissioner</p>	<p>Contact Details: Tel: 020 8753 1477 E-mail: christine.baker@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the procurement strategy for a range of care and support services for people with learning disabilities (LD). The aim is to improve personal outcomes, choice and control and ensure compliance with the Care Act 2014.
- 1.2 Approval is requested to procure a contract with a strategic provider to deliver flexible support to people with care and support needs, to develop the detail of approaches required and to manage and account for customers' personal budgets through Individual Service Fund (ISF) arrangements.
- 1.3 Due to the complexity of needs amongst (LD) customers and market challenges, it is recommended that the evaluation for the procurement of the contracts uses a 40% price and 60% quality weighting to ensure the delivery of quality services.
- 1.4 The provider would have to demonstrate that they can deliver strategic objectives and work with customers to develop person centred support plans and form partnerships with community and voluntary sector resources to enable more choice in meeting needs.
- 1.5 There are currently two block contracts for supported housing and residential care for people with LD which expire end June 2017 with an annual contract

value of circa £2.8m. By moving to the new model, efficiencies of up to 10% of that value are anticipated to be made over the first two years. Further efficiencies will be worked on by providers during the contract term.

2. RECOMMENDATIONS

- 2.1 That the strategic approach for the procurement of support and services to promote choice and control for people with learning disabilities, be approved.
- 2.2 That the procurement of a contract using a competitive dialogue procedure, to deliver flexible support, with a strategic provider partner, be approved.
- 2.3 To note that the term of the contract will be 1st July 2017 to 30th June 2022 (with the possibility of two annual extensions to 30th June 2024). The total value of the five year contract proposed including two possible annual extensions is estimated to be £19,524,106.

3. REASONS FOR DECISION

- 3.1 The procurement strategy supports compliance with Care Act duties to promote choice and shape the market and the requirement for local authorities to facilitate a range of methods through which people can manage their personal budgets.
- 3.2 Two contracts for accommodation-based support for 55 people with LD expire 30 June 2017. The Council needs to ensure ongoing local supply, sufficiency and choice to meet the high demand for LD supported living and complexity of need.
- 3.3 The procurement will enable a quality assured provider to hold personal budgets and plan support with individuals using ISF arrangements to ensure personalised approaches and choice in how needs and outcomes are met.
- 3.4 The approach should widen the market and deliver efficiencies. The ability of the provider to sub-contract for specific needs or activities could help smaller providers to enter the market by partnering with strategic providers.

4. INTRODUCTION AND BACKGROUND

- 4.1 The Housing Strategy for LD highlights growing need for supported living and accommodation. Increasingly people with eligible needs have mobility or behavioural issues requiring specific support. Work is underway to improve access and choice. The strategic provider partner would be expected to improve support pathways, expanding choice and access to accommodation.
- 4.2 There are two block contracts with two providers for 55 units of supported accommodation and residential care for people with LD in H&F. These are due to expire 30 June 2017. Spend on these services is circa £2.8m (see Appendix A).
- 4.3 The Care Act requires that people with eligible needs have a personal budget allocation (a known sum of money) with which they can plan to meet their needs.

5. BUSINESS PROPOSAL AND ISSUES

Personalisation, Choice and Control

- 5.1 Traditional tendering has limited innovation and has seen some providers under-bidding resulting in quality concerns as well as limiting choice for customers. We need arrangements that support genuine choice and deliver individual outcomes.
- 5.2 Care Act statutory guidance says councils should have an ISF offer. An ISF gives a person choice about how their needs are met and how support is provided, but without managing the budget (as in a Direct Payment). The provider holds and accounts for the budget and works with the person to plan support and deliver it flexibly in line with needs and outcomes. An ISF agreement between the person and provider sets out costs, support and how to end the agreement.

Business Case Including Evidence Base and Efficiencies

- 5.3 Evidence (TLAP 2015) shows positive impacts of flexible support with improved well-being, outcomes, satisfaction and efficiency. Paid support is targeted only where needed, making the most of networks, families, and assistive technology.
- 5.4 Evidence from Southwark (Better Lives, 2015) demonstrated significant savings over 4 years for a provider moving from a block contract to contracts for 83 ISFs.
- 5.5 Savings of up to 10% over 2 years compared with block contract costs are anticipated. Targets will be refined with analysis of costs per individual. Key to efficiencies will be providers having flexibility in how they deliver outcomes

Procurement Approach and Quality

- 5.6 The procurement of a contract with a strategic provider will enable that provider to hold personal budgets and plan support with individuals using ISF arrangements to ensure personalised approaches and choice in how needs and outcomes are met. The contract would require the provider to:
- deliver flexible support to meet needs in line with people's desired outcomes, and the required quality standards (including by other providers)
 - have systems to be accountable and personalised approaches to ensure people are fully involved in how and when their support is arranged
 - focus on outcomes maximising people's community/family networks, and assistive technology so paid support is used only where needed
 - promote choice for individuals in how and when their support is delivered.
- 5.7 The contract would allow the Council to collaboratively develop approaches, and understand cost benefits and personal outcomes whilst sustaining a viable market. This builds on learning from existing work in H&F. The approach could support smaller and community providers, linking with the strategic provider.
- 5.8 A five year contract (with two possibilities of annual extension) allows time to develop and implement more personalised approaches, to plan strategically and to achieve efficiencies.
- 5.9 The recommended procurement approach involves phased implementation (Appendix B). In October 2016 providers will be invited to tender for a contract as

a strategic provider. The contract specification will cover items set out in 5.6 plus delivering any essential services in line with health and safety requirements.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1 There are a number of procurement and contract options available to the Councils in relation to these contracts:
- a. Allow current contracts to expire and offer customers direct payments
 - b. Allow current contracts to expire and move to spot contract arrangements
 - c. Re-procure new contracts for all block arrangements
 - d. Commence a procurement exercise to establish a contract for flexible support
 - e. Commence a procurement exercise to establish a contract for flexible support but have available other options e.g. spot contracts and block contracts.

Appraisal of options

- 6.2 Option a: is **not** recommended, as whilst there is a strong desire to increase uptake of direct payments, these will not be suitable or favoured by everyone, so direct contracts with providers will still be required.
- 6.3 Option b: Moving entirely to spot arrangements is **not** recommended as this will not allow the Council and providers to develop the market in line with the market shaping, choice and control requirements of the Care Act 2014.
- 6.4 Option c: Re-procuring all as block contracts is **not** recommended as this does not support market choice for those with learning disabilities. It does not offer the flexibility required to be fully responsive, accountable and person-centred.
- 6.5 Option d: is **not** recommended as the Council may still need the option to have some block contracts in a few special circumstances.
- 6.6 Option e: is the **recommended option** as a contract for the delivery of flexible support with a strategic provider (with the options to still have some separately procured block contracts) adds to the contractual approaches available to the Council, underpins strategic objectives, and meets Care Act duties to promote choice.

7. CONSULTATION

- 7.1 Over the last year, there has been provider engagement about alternative contractual models to support more flexible and person-centred approaches. Providers have also developed proposals for flexible and personalised work. Customers have said they want more choice in support and who supports them. More details on consultation are available in Appendix B.
- 7.2 Customers will be involved in the development of the specification and the tender evaluation process.

8. EQUALITY IMPLICATIONS

- 8.1 The proposal should extend choice, control, and community engagement. More flexibility of support in line with people's needs would have a positive impact on people with LD so an Equalities Impact Assessment has not been completed.

9. LEGAL IMPLICATIONS

- 9.1 The proposed contract with a strategic provider falls within the Light Touch Regime (LTR) under Chapter 3, Section 7 of the Public Contracts Regulations 2015 ("the Regulations"), as set out in Schedule 3 for contracts relating to social and other specific services. Services subject to the LTR, with a contract value that exceeds the current threshold of £589,148 is subject to the full requirements of Regulations 2015.
- 9.2 The procurement strategy process and procedure used to procure contracts for services under the LTR allow for significant flexibilities under the Regulations to maximise possible benefits. However, the mandatory requirements must be noted and complied with under section 13 of the report, in particular, paragraph 13.8 (i) – (v) of this report to ensure the principles of procurement are complied with in accordance with Regulation 18 of the Regulations.
- 9.3 Legal implications verified by Sharon Cudjoe, Solicitor, Shared Legal Services, sharon.cudjoe@rbkc.gov.uk Tel: 020 7361 2993.

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1 For year one, the strategic provider contract value would be calculated on the basis of the annual contract value for 16/17 less 5% for each service.
- 10.2 As part of the procurement the provider will be asked to illustrate how in year one of the contract they would work with ASC care management, commissioning and finance to align personal budget (PB) allocations for each customer with the funding available for each service taking in to account a further 5% savings target for year two.
- 10.3 The PB for each customer will be based on the local resource allocation system for determining indicative PBs in agreement with the learning disability (or appropriate ASC) team. PBs will be reviewed at least annually.
- 10.4 It is estimated that this procurement strategy could deliver up to 10% savings over the two year period from July 2017 on the total £2,829,622 contract spend for LD care and support in H&F (See Appendix A). This will be refined through detailed analysis of individual and service costs. More information will be available in the award report (if the strategy is agreed).
- 10.5 Financial implications verified by David Hore, Corporate Finance. Tel: 020 8753 4498 e-mail: david.hore@lbhf.gov.uk

11. IMPLICATIONS FOR BUSINESS

- 11.1 The current LD care and support market is limited to a reasonably small number of providers. The contract with the strategic provider partner could promote local business opportunities for care and support providers, including small and medium enterprises, and voluntary sector organisations who could partner with the strategic provider to deliver choices in support.

12. RISK MANAGEMENT

- 12.1 Developing a strategy contributes positively to the management of procurement risk. Managing corporate and service spending efficiently through a structured approach to procurement offers potential to improve financial performance through: competition between all parties; accountability in the spending of public money; transparency in the decision making process; and value for money.
- 12.2 Appendix B sets out the risks and mitigation regarding affordability, limited local market and ensuring quality.
- 12.3 Risk Management implications verified by Michael Sloniowski, Shared Services Risk Manager, Tel 020 8753 2587, e mail michael.sloniowski@lbhf.gov.uk.

13. PROCUREMENT STRATEGY IMPLICATIONS

- 13.1 The services being procured are defined under the Public Contracts Regulations 2015 as “Social and other Specific Services” and fall under a “light touch” procurement regime. Their financial value is above the EU threshold of £589,148 for “light touch” services, meaning a mandatory contract advertisement must be placed in the Official Journal of the EU. After placing the advertisement, however, the council has considerable discretion in how the procurement is run, so long as it is conducted in a fair, transparent and non-discriminatory manner.
- 13.2 The Interim Head of Procurement supports the report’s recommendation and the procurement strategy detailed in Appendix B. Given the innovative nature of the proposed delivery model, the importance of getting various aspects of the contract right for all concerned, and a number of complexities (and attendant risks) that make the running of a conventional competitive tendering problematic, the Interim Head also supports the use of competitive dialogue. This will require greater than usual procurement resource and carry its own risks. However, if properly focussed, structured, resourced, led and managed, it could be seen as an investment to save and an approach that should deliver good quality outcomes, officer and bidder reassurance prior to the final tendering stage, as well as avoiding potentially costly problems occurring in final tenders and eventual service delivery. In order to achieve these outcomes, the managerial demands of the competitive dialogue must be properly addressed.
- 13.3 The Procurement Team have provided advice and support to the service department in the drafting of this report, and will continue to do so over the procurement through to contract award.

13.4 Procurement comments provided by John Francis, Interim Head of Procurement (job-share), Tel 020 8753 2582, e mail john.francis@lbhf.gov.uk

14. IT STRATEGY IMPLICATIONS

14.1 There are no immediate IT strategy implications. ISF payments will be processed through the council's existing ICT systems.

15. SOCIAL VALUE

15.1 Social Value is intrinsic and core to the delivery of effective flexible support for adults with learning disabilities, maximising community assets and vulnerable adults' ability to experience choice and independence. Nevertheless, the pursuit of additional Social Value and community benefits will be reflected in the contract award criteria, and covered in the competitive dialogue with short-listed bidders, who will be required to submit Social Value and community benefit proposals as part of their final tender submission.

16. PRIVACY IMPACT ASSESSMENT

16.1 PIA screening has been undertaken. There will be a full PIA prior to the procurement as there may be new providers which need to hold or share information about individuals.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT

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

LIST OF APPENDICES:

Appendix A - Contracts In Scope

Appendix B: Business Case And Procurement Strategy Report

Contact officer(s):

Ann Lloyd, ASC Commissioning ann.lloyd@rbkc.gov.uk

Christine Baker, Category Manager christine.baker@lbhf.gov.uk

Appendix A

Contracts in Scope

Service Area 1: LD Accommodation with Care			
Contracts In Scope	Contracting Borough	Annual Contract Value	Contract End Date (subject to agreement)
Residential Care & Supported Living Block (9 homes, 43 units) Yarrow	LBHF	2,657,276	30 Jun 2017
Supported Living (3 homes, 12 units) Metropolitan	LBHF	131,882	30 Jun 2017
TOTAL LBHF		2,789,158	

APPENDIX B: BUSINESS CASE AND PROCUREMENT STRATEGY REPORT

BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

The aim is to improve outcomes, promote choice and control through personalised approaches and ensure there is full compliance with the Care Act 2014, through having a long term strategic partner.

Two contracts for accommodation-based support for 55 people with learning disabilities (LD) expire on the 30th June 2017. The services have an annual contract value of circa £2.8m (H&F). The new services will be in place by July 2017.

Although the performance of the current contracts is satisfactory the Council needs to ensure compliance with the Care Act in terms of choice and control for customers, ensuring sufficiency and choice in response to the high demand for supported living services for people with LD with eligible needs and the increasing complexity of need. New contract arrangements need to be for five to seven years in order to allow for the changes that result from new legislation to be fully implemented and embedded. There will be sovereign contracts with H&F (arrangements will be mirrored in RBKC and WCC).

The plan is to procure a contract with a strategic provider to deliver flexible support to people with care and support needs, to develop the detail of approaches required and to manage and account for customers' personal budgets (PBs) through Individual Service Fund (ISF) arrangements.

The procurement proposal will support implementation of the strategy for flexible and personalised commissioning arrangements. Having a strategic provider enables a longer term approach to meeting individual outcomes and strategic demand and avoids the "all or nothing" risks of tenders for block contracts.

2. FINANCIAL INFORMATION

The total value over the lifetime of the contract (five years plus two possible annual extensions) is estimated to be up to £19,524,106 (£2,789,158 annually).

It is estimated that this procurement strategy could deliver up to 10% savings over the two year period from July 2017 on the annual £2,829,622 contract spend for LD care and support in H&F through better tailored and more personalised service delivery based on each individual's specific needs. Targets will be refined through analysis of individual and service costs.

For year one, the strategic provider contract value would be calculated on the basis of the annual contract values for 16/17 less 5% for each service.

During year one of the contract, the provider would be asked to show how they would work with ASC care management, commissioning and finance to align personal budget (PB) allocations for each customer with the funding available for each service taking in to account a further 5% savings target for year two.

The PB for each customer will be based on the local resource allocation systems for determining indicative PBs in agreement with the learning disability (or appropriate ASC) team. PBs will be reviewed at least annually.

Providers must maintain records of ISF agreements. An up to date list of ISF agreements must be available for audit purposes.

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

There are a number of procurement and contract options available to the Council in relation to these contracts:

- a. Allow all current contracts to expire and offer customers direct payments
- b. Allow all current contracts to expire and move to spot contract arrangements
- c. Re-procure new contracts for all block arrangements
- d. Commence a procurement exercise to establish a contract for flexible support
- e. Commence a procurement exercise to establish a contract for flexible support but have available other options e.g. spot contracts and block contracts.

Appraisal of options

Option a: is **not** recommended, as whilst there is a strong desire to increase uptake of direct payments, these will not be suitable or favoured by everyone, so direct contracts with providers will still be required.

Option b: Moving entirely to spot arrangements is **not** recommended as this will not allow the Council and providers to develop the market in line with the market shaping, choice and control requirements of the Care Act 2014.

Option c: Re-procuring all as block contracts is **not** recommended as this does not support market choice for those with learning disabilities. It does not offer the flexibility required to be fully responsive, accountable and person-centred.

Option d: is **not** recommended as the Council may still need the option to have some block contracts in a few special circumstances.

Option e: is the **recommended option** as a contract for the delivery of flexible support with a strategic provider (with the option to still have some separate block contracts) adds to the contractual approaches available to the Council, underpins strategic objectives, and meets Care Act duties to promote choice.

Risks and Mitigating Factors

Risk	Mitigating Factors
Affordability	<p>In moving to ISFs, the cost of each service will be determined by the aggregate value of Personal Budgets. However, an expectation is that the provider seeks to deliver efficiencies by maximising use of community assets and sourcing other providers who can meet the needs of their customer within the available budget.</p> <p>The Council must provide clear information to individuals about the personal budget available to them to meet their needs regardless of how this budget is managed.</p>
Limited local market	<p>The market is currently limited due to having block contracts with a small number of providers. Market engagement events are being held to promote interest in the flexible support contract from local providers as well as those not currently operating here. One local provider is currently piloting ISF approaches. The strategic provider will also source from other providers where appropriate and make links with a range of services and community organisations to ensure choice for individuals. It is anticipated that this will bring new providers into the local market. (see section 4)</p>
Ensuring quality	<p>The award of a contract to a strategic provider to deliver flexible support will be determined by strict quality criteria. The contract with the Provider will include provision for Council Officers to measure quality and enforce standards. Supplier relationship initiatives will support workforce development, support quality and encourage innovation in line with personalisation and outcomes.</p>

4. THE MARKET

This is a relatively small market in respect of prime contractors, but one in which potentially there is a wide range of niche sub-contractors in the SME and voluntary and community sectors. There are some positive providers in H&F and neighbouring boroughs that are keen to work in more personalised ways. One local provider is already working in detail (with customers, families and the Council) to introduce ISFs. However, it is felt that the market is limited and there is a lack of skilled and community focused support for people with LD in particular to effectively support people with complex physical and challenging needs. Greater emphasis on forging links, community opportunities and workforce approaches to support more personalised approaches is needed as well as innovative approaches to meeting accommodation based needs.

Strategic approaches would enable smaller providers to link with the strategic provider to develop these approaches and respond to greater diversity of need and preferences. There is interest and support for these approaches. A market engagement event in February 2016 was attended by over 40 providers.

PROCUREMENT STRATEGY

5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

A strategic objective of the procurement is to increase participation of SME and 3rd sector organisations in the overall supply chain, thereby increasing customer choice and facilitating delivery of services better tailored to individual need. The report recommends a pragmatic solution, by way of a formal contractual arrangement, that seeks to ensure sufficiency and choice in response to the high demand for supported living services for people with LD with eligible needs and the increasing complexity of need. To maximise possible benefits it is proposed that a competitive dialogue procedure is used with the shortlisted applicants to establish how best to optimise quality, choice, market development and value within the package offered.

Given that the provider will have flexibility on how they deliver outcomes, the Council may see a reduction of costs by approximately 10% over 2 years through cost avoidance. The H&F Corporate Procurement team has advised ASC on possible procurement options, and the recommended approach is supported by the Interim Head of Procurement.

Adult Social Care would work in partnership with the strategic provider to develop the detailed approaches required to deliver more personalised support and better outcomes. Additional contracts with other providers would only be procured in special circumstances.

The approach should ultimately widen the market and deliver efficiencies. The ability of providers to sub-contract to other providers to support specific needs or activities could help smaller providers to enter the market with core providers assuring the quality in line with support plans.

Due to the complexity of needs amongst LD customers and current market challenges, the evaluation for the procurement of the contracts will use a 40% price and 60% quality weighting to ensure the delivery of quality services.

The pricing element of the evaluation methodology would be tested by stating the envelope of funding per borough, which (for year one) would be calculated on the basis of the current annual contract value less 5% for each service. Each provider would be requested to submit a detailed response outlining the quality, hours and choices in support which could be offered within the pricing envelope available for each service. Pen pictures of each service would also be provided. In response to the specification providers would have to demonstrate that they can work with customers to develop a person centred support plan and form partnerships with community and voluntary sector resources to enable choice in meeting needs. An ISF gives a person real choice about

how their needs are met, when and how support is provided, with the provider holding responsibility for managing the budget.

Efficiencies are anticipated of around 10% over two years compared with current contract costs. This will be tested through detailed work to align costs with personal budget allocations.

Taking into account the various considerations described above, it is recommended that the contract needs to be for a minimum of five years, with an option to extend up to a further two years if beneficial. The exact terms of the contract will be 1st July 2017 to 30th June 2022, with the possibility of two annual extensions. The total value of the five year contract proposed plus two possible annual extensions is estimated to be £19,524,106.

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

This will be a contract where Social Value and community benefits will be core and intrinsic to service delivery. Nonetheless, additional Social Value will be sought from the procurement, will be included as part of the competitive dialogue, and will form part of the contract award criteria, with short-listed bidders being asked to submit proposals for additional value over the contract period. The contract with the strategic provider partner could promote local business opportunities for care and support providers, including small and medium enterprises, and voluntary sector organisations who could partner and work with the strategic providers to deliver choices in support to people with care and support needs.

The current LD care and support market is limited to a reasonably small number of providers. The development of ISFs could promote micro commissioning and stimulate the market particularly for small providers who may wish to form partnerships with the strategic provider to deliver individually tailored support.

People with LD will be supported to play a greater part in the community. Use of community assets, and full engagement of people's families will promote community benefits.

7. OTHER STRATEGIC POLICY OBJECTIVES

This strategy supports the personalisation agenda across ASC. It also supports the Housing Strategy for Learning Disabilities. The focus on people with learning disabilities supports Inclusion and Equality strategies.

8. STAKEHOLDER CONSULTATION

Providers: Over the last year, there has been provider engagement on alternative delivery and contractual models to support more flexible and person-centred approaches. There have been information sessions, one to one meetings with some providers and a market engagement event in February 2016. Providers have also developed proposals for working in more flexible and personalised ways.

Local providers have said they do not like the uncertainty, “all or nothing” nature and attendant risks of block contracts for accommodation based support. Providers generally have been positive about moving to more personalised arrangements but some want more assurance about areas such as systems for payments, managing voids and future demand.

Customer representatives on the Learning Disability Partnership Board have consulted with local people with learning disabilities about what is most important to them. Key areas include:

- More choices and the power to make these choices
- Personal budgets and managing their own funds
- Safe and suitable housing
- Choice in housing and easy read information to support this
- Being able to choose our own staff
- Being fully involved in our person-centred plans
- Fulfilling jobs and opportunities

Pilot work: Detailed work with one provider to develop ISFs has engaged customers, families and support staff in person centred planning. Feedback has been positive and the creative approach has already resulted in new ideas to promote independence (including through assistive technology) and new community activities. Front line staff (ASC) who have been involved in the programme have reported the process to be more person centred. The provider and commissioning are positive that the approach can deliver budget efficiencies providing there is flexibility about how needs are met.

Officers: There has been consultation with officers from legal, procurement and finance teams to ensure strategic fit and compliance with procurement regulations.

9. PROCUREMENT PROCEDURE

ASC commissioners are clear about what they want the contract to achieve. However, whilst able to articulate a clear vision as to what the future delivery model needs to look like, there are a number of complexities, sensitivities, challenges, and associated reputational and commercial risks which require clarity and certainty to undertake a normal Open or Restricted competitive tendering exercise. Such clarity and certainty – and the reaching of mutually acceptable solutions - commissioners believe can only come from engaging in dialogue with shortlisted bidders on key critical matters, before final tenders are invited. That is, to iteratively build through dialogue a mutually acceptable solution that:

- provides choice and control to service users with care and support needs;
- value for money and cost avoidance, in other areas, for the Council;
- shapes and develops the supply market so that it brings more niche, SME and 3rd sector providers into it;
- identifies and then removes or mitigates risks;
- last but not least, achieves these objectives and is commercially viable and sustainable for the successful strategic partner to deliver.

Officers believe the most efficient procurement route for delivering this level of clarity and confidence on possible solutions, with an efficient pricing of these, is the

competitive dialogue procedure. The H&F Procurement Team support this approach, subject to the competitive dialogue being focussed, structured, properly resourced and led.

The procurement route set out in this report is compliant with the mandatory requirements of the Light Touch Regime (LTR) of the Public Contracts Regulations 2015 and with H&F Contract Standing Orders (CSOs).

A Contract Notice will be placed in the Official Journal of the European Union and Contracts Finder. The process will be through the Council's e-tendering system.

The contract documents will include a model contract between the Council and Provider that will set out the terms under which the Council will transfer a customer's PB to a provider. Contracts for ISFs will be completed on a case by case basis. The customer and provider would sign an ISF agreement.

Phased Implementation of Procurement

<p>Phase 1</p>	<p>Sept 2015 to October 2016</p>	<p>Communicating and discussing with customers, carers, families and providers, to develop the detailed specifications which will be required as part of the contracts with the strategic providers. Includes work by commissioning, care management, and providers on piloting flexible support to establish the processes for delivery of flexible support in time for the planned procurement of these services. Interested customers will be trained to take part in the tender evaluation.</p>
<p>Phase 2</p>	<p>October 2016 to March 2017</p>	<p>The Council procures a single contract with a strategic provider partner using a competitive dialogue procedure. Procurement would commence in October 2016 with contracts being awarded by July 2017. It is recommended that due to the complex nature of the needs amongst current learning disability service users, and the current market challenges as regards delivery of support to these groups, the evaluation methodology for the contracts uses a 40% price and 60% quality weighting to ensure the delivery of quality services. Providers will be required to submit and pass a pre-qualification questionnaire (PQQ) to ensure viability, quality and compliance, including financial compliance. Providers would be encouraged to form partnerships or consortia with other organisations where appropriate to deliver a viable tender bid which should include wider choices, and a range of targeted support and activities to customers.</p> <p>The effectiveness of providers regarding delivery of flexible support and an improved range of choices in care, support and activities for customers (within a given financial envelope) would be tested and</p>

		<p>evaluated via a number of questions during the competitive dialogue stage and in the final submission stage.</p> <p>Providers would also be tested on their “just enough support” methodology, and on how they could deliver future savings using a more targeted personalised support model which gives more choice and control for customers.</p> <p>The pricing element of the evaluation methodology would be tested by stating the envelope of funding per borough, which (for year one) would be calculated on the basis of the current annual contract value less 5% for each service. Each provider would be requested to submit a detailed response outlining the quality, hours and choices in support which could be offered within the pricing envelope available for each service. Pen pictures of each service would also be provided.</p> <p>Each provider would also be asked to provide information on how they would work with ASC care management, commissioning and finance during year one of the contract to work out how personal budget allocations for each customer will align with the funding available for each service taking in to account that there is a further 5% savings target for year two.</p>
Phase 3	March 2017 to July 2017	<p>Phase 3 of the procurement is the award and implementation of the contract for flexible support once the current block arrangements end on 30th June 2017. From then onwards the successful strategic provider will work closely with ASC commissioning, care management, customers, carers and families to ensure a seamless transition to the new arrangements.</p>
Phase 4	July 2017 onwards	<p>Phase 4 will involve joint monitoring and review of arrangements by ASC commissioners, strategic providers, care management, customers, carers and families to carry out any re alignment regarding quality and any potential aggregation of costs and services which come to light (keeping in mind that there is a 5% target for savings on services in year two of the contracts).</p>

10. CONTRACT AWARD CRITERIA

Given the nature of the contract, the vulnerability of service users, the innovative delivery model, and the imperative of trust and cultural fit to positive outcomes, officers believe a premium must be placed on the quality of bidders’ proposals when assessing

and scoring these. It is therefore recommended that the evaluation methodology for the strategic provider contract be 60% quality and 40% price, reflecting the complex needs of LD customers and a need for the market to invest in specialist support for LD customers in the community, and as a means of preventing higher residential care costs occurring in future years. The elements that will comprise the Quality assessment and scoring of bidders proposals will include:

- The ability to deliver choice and control to customers.
- The ability to form efficient and effective relationships with other providers in the overall supply chain.
- The ability to form efficient and effective relationships with housing providers, such as RSLs, other agencies and stakeholders.
- The ability to work closely with families and carers in the delivery of flexible support.

PROJECT MANAGEMENT AND GOVERNANCE

11. PROJECT MANAGEMENT

The project management will be through Adult Social Care Commissioning. Commissioning and procurement officers will lead with key engagement from Finance, Corporate Procurement, Risk and Legal. Reporting will be to the Head of ASC Commissioning and Director Commissioning & Enterprise, with the Cabinet Member for Health and Adult Social Care receiving progress reports at key milestones of the Procurement at her regular Cabinet Member briefings.

12. INDICATIVE TIMETABLE

Stage	Deadline	Governance Stage (indicative Dates)
CoCo Board	Deadline for papers: 8 th June 2016	13 th June 2016
HFBB	Deadline for papers: 15 th June 2016	22 nd June 2016
H & F Cabinet Member Digest	28 th June 2016	29 th June 2016
H & F Political Cabinet	Deadline for papers: 27 th June 2016	4 th July 2016
Provider Event		14 th July 2016
Cabinet Approval (H & F)	Deadline for papers: 22 nd August 2016	5 th Sept 2016
Development of contract specification for flexible support in discussions with care management	Between 1 st August and 1 st October 2016	

customers, families parents and carers		
Advert and OJEU notice for Flexible Support Contract	Use CapitalEsourcing	1 st Oct 2016
Issue PQQ	Use CapitalEsourcing	3rd Oct 2016
Deadline for return of PQQ	Use CapitalEsourcing	28 th Oct 2016
Evaluate PQQ		w/c 31 st Oct 2016
Invite eligible providers to begin competitive dialogue	Use CapitalEsourcing	7 th Nov - 18 th Nov 2016
Request final submissions	Use CapitalEsourcing	21 st Nov 2016
Deadline for return of final submissions	Use CapitalEsourcing	9 th Dec 2016
Evaluation of final submissions		12 th Dec - 30 th Dec 2016
Draft award reports for Flexible Support Contract		w/c 2 nd Jan 2017
CoCo Board	Deadline for papers: 12 th Jan 2017	16 th Jan 2017
H & F Cabinet Member Digest	20 th Jan 2017	26 th Jan 2017
HFBB	Deadline for papers: 26 th Jan 2017	1 st February 2017
Political Cabinet	Deadline for papers: 20 th Feb 2017	6 th March 2017
Cabinet Approval (H & F)	Deadline for papers: 20 th March 2017	3 rd April 2017
Implementation period; Work with strategic providers, customers, carers, families, care management, and on any TUPE matters		4 th April - 30 th May 2017
Phasing in of flexible support contracts including any TUPE		1 st June - 30 th June 2017

13. **CONTRACT MANAGEMENT**

A strategic partner will in turn require strategic relationship management. The Council's client-side organisation will be led by the ASC Head of Commercial Innovation and

Insight. There will be monthly meetings with the strategic partner and commissioning staff. Quarterly performance reports will be required. This will also be reported to the project management group to ensure strategic fit, address any council systems issues in delivery of this approach, and aid the overall development and improvement of the strategic partnership over the contract period.