


<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>10 OCTOBER 2016</b></p>	
<p><b>WEST LONDON ALLIANCE DYNAMIC PURCHASING SYSTEM – ACCESS AGREEMENT DECISION</b></p>	
<p><b>Report of the Cabinet Member for Health and Adult Social Care : Councillor Vivienne Lukey</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification - For Decision</b></p> <p><b>Key Decision: Yes</b></p>	
<p><b>Wards Affected: ALL</b></p>	
<p><b>Accountable Director:</b> Mike Boyle – Director of Commissioning and Enterprise, Adult Social Care and Health</p>	
<p><b>Report Author:</b> Jonathan Lillistone – Head of Commercial, Innovation and Insight</p>	<p><b>Contact Details:</b>  Tel: 020 8753 3446  E-mail: <a href="mailto:jonathan.lillistone@lbhf.gov.uk">jonathan.lillistone@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1. This report summarises the collaborative work being undertaken between LBHF and the West London Alliance (WLA) group of authorities in relation to the availability of sufficient care home and nursing home placements within the region.
- 1.2. In particular the report sets out the work within the WLA Adult Social Care programme relating to the development of a more strategic approach to the management of the spot purchasing of care home and supported living placements through a Dynamic Purchasing System (DPS).
- 1.3. The report describes the work led by Ealing Council, closely supported by Hammersmith and Fulham, on behalf of WLA authorities to establish a DPS arrangement which Hammersmith and Fulham and other WLA authorities have the opportunity to make use of.
- 1.4. A summary of the nature of the DPS is provided and the report sets out for Cabinet the benefits and opportunities of participating in the WLA DPS approach.

- 1.5. The report recommends that Cabinet approve entering into an Access Agreement with Ealing Council which will allow the Council to make use of the DPS arrangement and that it is anticipated, subject to Cabinet approval, the DPS arrangement will go live in late October 2016 and remain in place for a four-year period.

## **2. RECOMMENDATIONS**

- 2.1. To note the contents of this report and the current and future challenges associated with the residential care and nursing home market in London.
- 2.2. To note the opportunities associated with adopting the Dynamic Purchasing System approach to the spot purchasing of care home placements. Namely that it:
  - Can provide a more streamlined and transparent approach to the spot purchasing of care home and supported living placements
  - Supports user and family choice; and
  - Supports the Council to deliver its duties under the Care Act 2014 to manage the market for social care services.
- 2.3. To agree to enter into an Access Agreement with Ealing Council which is necessary to enable the Council to make use of the West London Alliance Dynamic Purchasing System for Care Home and Supported Living Placements.

## **3. REASONS FOR DECISION**

- 3.1. Under the Care Act 2014 the Council has a range of duties in relation to ensuring individuals care and support needs are assessed to determine whether they have eligible social care needs. Where individuals do have eligible care and support needs the Council is required to ensure that they have access to the care and support they need and subject to financial assessment to provide sufficient funding or commission services to meet assessed needs.
- 3.2. The Council discharges its duties to meet care and support needs in a range of different ways including through the direct provision of care and support services as well as through the commissioning of care and support services from a range of different voluntary and independent providers.
- 3.3. The commissioning of care and support from external providers is done in a range of different ways including block contracting arrangements, 'spot purchasing' of individual care packages as well as facilitating users to take direct payments and self-manage their care and support arrangements.

- 3.4. This report focuses on the spot purchasing of care home and supported living placements and the opportunity the Council has to participate in, and make use of, the West London Alliance Dynamic Purchasing System for Care Home and Supported Living Placements

#### **4. PROPOSAL AND ISSUES**

- 4.1. This report proposes making use of the WLA DPS approach by entering into an Access Agreement with Ealing Council and there are a number of key issues that inform this recommendation.

##### ***Market development and management: Sub regional collaboration***

- 4.2. Evidence from recent pan London and local analysis clearly shows that for the spot purchasing of care home and supported living placements authorities acting alone will have very limited influence over the availability, price and quality of services.
- 4.3. The West London Alliance collaborative work, under the Adult Social Care programme, offers an opportunity to work on a sub-regional, multi-borough basis. Participating in a sub-regional approach should provide the greatest opportunity to address some of the challenges the Council faces when trying to secure spot purchased care home and supported living placements.
- 4.4. This is particularly important for Hammersmith and Fulham given its relatively low levels of in borough supply, high numbers of nursing placements and our comparatively high level of out of borough placements.

##### ***Procurement approach and structure of the WLA DPS***

- 4.5. Currently the spot purchasing of care home and supported living placements, is carried out largely by using manual processes which are administratively cumbersome. The negotiation and securing of placements relies on phoning around homes to determine vacancies and negotiating individually on placement prices and service levels.
- 4.6. The current system therefore gives rise to the scope for varied practice and outcomes and this report recommends adopting a more systematic approach by making use of the WLA DPS.
- 4.7. The WLA DPS provides structure and price bandings for older peoples care and nursing home placements within the WLA geography and makes clear to providers that for placements outside the WLA geography these will be in line with what the host local authority normally pays.
- 4.8. The system is electronically based and will allow for a full and transparent audit trail and, in time, detailed reporting of market performance and activity.

### ***Quality Assurance***

- 4.9. An integral element of the WLA DPS is the inclusion of clear service specifications and expectations. Unlike the current arrangements which are simply subject to individual 'spot purchase placement contracts', services called off the WLA DPS will have to abide by services specifications alongside the individual placement agreements.
- 4.10. This structure will enable more robust quality monitoring and contract management of spot purchased placements which currently are not subject to the same level of rigour associated with Block or Framework Contracting arrangements.

### ***Choice and Control***

- 4.11. The circumstances in which individuals need a placement in a care home, nursing home or supported living scheme vary, but generally this is a difficult and challenging time for the individual and their relatives. The WLA DPS approach by introducing greater structure and transparency will support providing users, family members and carers with clear choices around options for a placement.
- 4.12. This is important as not only is it a requirement under the Care Act 2014, it also supports wider Council and Adult Social Care objectives to support user choice and control over their care and support arrangements.

## **5. OPTIONS AND ANALYSIS OF OPTIONS**

- 5.1. Alternative options were considered when determining the most effective approach to the spot purchasing of care home and supported living placements. These can be summarised as follows:
- Doing nothing and continue with the existing spot purchase approach
  - Develop a Framework Agreement approach
  - Enter into block contracts with providers
  - Develop a DPS approach in collaboration with other boroughs (WLA)
- 5.2. Given the market pressures and issues identified from the recent pan London and local analysis, coupled with the current administratively intensive approach to spot purchasing, doing nothing is not considered a viable option.
- 5.3. Framework Agreements can offer many benefits but can be inflexible as they do not allow for new providers / new services to join and 'enter the market' during their typical 4-year duration. With one of the key issues for Hammersmith and Fulham being securing sufficient and diverse supply, this is not considered to be the best approach for the future purchasing of care home and supported living placements.

- 5.4. Block contracting has some clear advantages in relation to securing supply and indeed Hammersmith and Fulham is able to secure much of the in borough supply by virtue of block contracts. However, given that the in borough supply is insufficient, and that out of borough purchasing patterns are very dispersed, the scope to enter into block contracts with out of borough provision is very limited and carries greater risk than it does benefit.
- 5.5. Having considered the other options developing a DPS approach has been identified as the option that offers some of the benefits of block contracting and Framework Agreements but without the inflexibility and risk.

## **6. CONSULTATION**

- 6.1. The Council and ASC continually seek the views of users and other stakeholders. In relation to care home and supported living placements users, carers and family members consistently emphasise the importance of having a choice of options and often that these options should be close to existing community roots or family members / carers area of residence. The WLA DPS approach will support responding more effectively and transparently to this feedback.
- 6.2. Provider stakeholders have been engaged through regular events including those organised by LCAS (London Care and Support Forum).
- 6.3. Ealing, as lead authority for establishing the WLA DPS arrangement, has continually engaged with all WLA boroughs through the programme and project structure involving senior officers from Adult Social Care.
- 6.4. Direct engagement with individual suppliers has been undertaken along with stakeholder colleagues within the NHS – local and NW London CCGs.
- 6.5. There will be ongoing engagement with stakeholders to ensure gaps in service provision are identified and this information is utilised to inform ongoing provider engagement to stimulate further potential suppliers to participate in the WLA DPS.

## **7. EQUALITY IMPLICATIONS**

- 7.1. Some of the key expected outcomes arising from the proposal to make use of the WLA DPS; are to create greater transparency and provide greater choice for users, family members and carers in relation to care home and supported living placements. It is therefore expected that participating in the WLA DPS will have a positive impact on a range of individuals with protected characteristics under the Equalities Act.
- 7.2. The WLA DPS approach will provide more robust and clear management information on how providers respond to requests for placements as well as

how users, family members and carers exercise their choice. Ongoing assessment of any Equalities impact will therefore be possible and will be incorporated into the contract management arrangements at a placement level and strategic system level.

- 7.3. In view of the above an Equalities Impact Assessment has not been completed. However, Ealing Council as lead authority for the establishment of the WLA DPS, has continually assessed Equalities throughout the process.

## **8. LEGAL IMPLICATIONS**

- 8.1. The Care Act 2014 places a number of general duties on the Council including promoting an individual's well-being, establishing and maintaining services that provide information and advice relating to care and support and promoting diversity and quality in the provision of services within the locality.
- 8.2. Section 5 of the 2014 Act places a general duty on the Council to promote the efficient and effective operation of a market in services for meeting care and support needs in its area - commonly known as 'market shaping' and 'commissioning'.
- 8.3. The Council must facilitate a local market that offers a diverse range of high quality and appropriate services and the proposals in this paper align with the Council's general duty, as well as supporting other duties in relation to supporting individuals to express a preference for accommodation and meeting shared duties with the NHS in relation to 'aftercare duties'.
- 8.4. A Dynamic Purchasing System (DPS) is a procedure for procuring contracts for works, services and goods commonly available on the market. As a procurement tool, it has some aspects that are similar to an electronic framework agreement, but where new suppliers can join at any time. However, it has its own specific set of requirements. It is to be run as a completely electronic process, and will be set up using the restricted procedure and some other conditions (as set out in Regulation 34 of the Public Contracts Regulations 2015).
- 8.5. The DPS is a two-stage process. First, in the initial setup stage, all suppliers who meet the selection criteria and are not excluded must be admitted to the DPS. Contracting authorities must not impose any limit on the number of suppliers that may join a DPS. Unlike framework agreements, suppliers can also apply to join the DPS at any point during its lifetime. Individual contracts are awarded during the second stage. In this stage, the authority invites all suppliers on the DPS (or the relevant category within the DPS) to bid for the specific contract.
- 8.6. The call off rules for use of the WLA DPS also take account of flexibilities under the Light Touch Regime allowing participating councils to consider the following as well as allowing for call offs to be made in emergencies.

- the need to ensure quality, continuity, accessibility, affordability, availability and comprehensiveness of the services;
- the specific needs of different categories of users, including disadvantaged and vulnerable groups;
- the involvement and empowerment of users; and
- innovation

8.7. Implications verified/completed by: Andre Jaskowiak, Senior Solicitor, Shared Legal Services

## **9. FINANCIAL IMPLICATIONS**

- 9.1. The Council, as at May 2016, had 436 spot placements with 185 of these being for people aged 18-64 and 251 for people aged 65 or above.
- 9.2. The vast majority of these placements are outside of the borough, some 149 of placements for people aged 18-64 and 210 for people aged 65 or above.
- 9.3. In 2015/16 spend on spot purchased care home placements was £20.4m. It is expected that spot purchases through the WLA DPS will be at a similar or slightly reduced level.
- 9.4. This represents a significant proportion of ASC spend and it is important that clear, robust and transparent systems are in place to manage the purchasing of spot placements. It is expected that the WLA DPS will deliver this outcome and help constrain cost pressures in future years.
- 9.5. Entering into the DPS agreement will not impede the Council's ability to achieve any savings that are agreed through the outcome based budgeting exercise currently being undertaken by the Council.
- 9.6. Implications verified by David Hore, Finance Manager, ASC: 020 8753 4498

## **10. IMPLICATIONS FOR BUSINESS**

- 10.1. The current pattern in Hammersmith and Fulham is that 29% of placements are made in borough. The WLA DPS by virtue of being open to new entrants for the four year duration of the arrangement will provide a mechanism by which all existing local providers, who are not already in a block contract with the Council, can offer care home and supported living placements.
- 10.2. As the majority of placements are made out of borough the WLA DPS will also provide an opportunity for the Council to encourage providers it has worked with in the past to be part of the arrangement. Based on the dispersed nature of the historic pattern of placements – the Council uses many different out of borough providers and many different schemes (92 placements across 61 individual schemes), the WLA DPS will be able to support ongoing diversity and use of SMEs within the spot placement market.

- 10.3. The way the WLA DPS has been set up promotes transparency and consistency in relation to the price the Council expects to pay for care home placements and provides a clear process and audit trail for individual placements.
- 10.4. Implications verified by Jonathan Lillistone, Head of Commercial, Innovation and Insight, tel. 020 8753 3446.

## **11. OTHER IMPLICATION PARAGRAPHS**

### **Procurement**

- 11.1. The Interim Head of Procurement supports the report's recommendations.
- 11.2. Granting approval to access the WLA Dynamic Purchasing System (DPS) offers the council a number of beneficial possibilities. It should:
- improve consistency in the quality of care home and residential nursing home placements offered to H&F residents needing these, when these have to be purchased on a spot basis;
  - enhance both service user choice and commercial leverage by, unlike conventional frameworks, allowing new emergent organisations to be added to the list of approved providers subject to quality tests being passed; these could, over time, include H&F-based SMEs should these emerge over the DPS's life-time;
  - because of the enhanced choice and competition, improve value for money, taking into account both quality and cost;
  - significantly improve transparency and, with this, the monitoring and contract management of spot placements;
  - contribute to the delivery of several of the council's key strategic priorities around supporting vulnerable adults, facilitating resident involvement in decisions that affect them, and sourcing decent homes.
- 11.3. Commissioners advise that the WLA Dynamic Purchasing System established by LB Ealing is compliant with the Public Contracts Regulations 2015; as is H&F being able to access and call-off from it, and other providers being added to the system over its duration. It represents an efficient and responsive option for the council to have.
- 11.4. Cabinet granting approval to access the WLA Dynamic Purchasing System would not commit the council to call-off from it. But approval would give officers responsible for placing vulnerable residents in care homes another option (another "shop") in which to look for the best possible placement for the H&F resident in need.

Comments provided by John Francis, Interim Head of Procurement (job-share) 020-8753-2582.



- 11.3. **Information Technology** – There are no immediate IT strategy implication associated with this report as the report only seeks Cabinet approval to enter into an access agreement to make use of the WLA DPS. Should Cabinet give approval to enter into an access agreement then the mobilisation process to go live with the system will involve the implementation of an E-Brokerage solution.
- 11.4. Hammersmith and Fulham can make use of the WLA E-Brokerage solution within ‘Care Place’ which is currently being rolled out for Children’s Services E-Brokerage. An initial Privacy Impact Assessment has been carried out and has identified that the nature of personal information held or with whom it is shared will not change from current arrangements, more that it will be done through an E-Brokerage system as opposed to a manual system involving phone and fax. It is anticipated that the new approach will be more secure but a full Privacy Impact Assessment will be completed as part of the roll out and mobilisation of the E-Brokerage approach.
- 11.5. **Risk management** – The WLA DPS will contribute to the Council and Adult Social Care departments overall approach to business continuity. In particular it will support the department and Council to fulfil its duties under the Care Act 2014 around market management and the focus within this on supplier resilience and ensuring that there is a diverse and sustainable local and regional market for care services.
- 11.6. **Property** – There are no property implications as spot purchased placements are made in schemes where the property is owned by and the responsibility of the provider.
- 11.7. **Health and wellbeing** – the proposals in this report will support the councils priorities and responsibilities in relation to health and wellbeing. The WLA DPS specifications set out clear standards in this regard and providers accepted onto the DPS are required to meet all minimum standards and will be monitored against these for any placement made with them.
- 11.8. **Safeguarding and PREVENT** – Service providers must sign up to the service specifications and contractual requirements associated with the WLA DPS to be accepted onto the WLA DPS arrangement. These include provisions around Safeguarding and complying with and discharging local authority duties including PREVENT.

## 12. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Ealing Council Cabinet Report - <i>published</i>	Jonathan Lillistone	Adult Social Care

**LIST OF APPENDICES;**

**Appendix 1: Suppliers applying to join the first round of the DPS**

**Appendix 2: Category 1 Price Bands 2016-17**

**Appendix 3: Procurement Strategy Report**

## Appendix 1: Suppliers applying to join the first round of the DPS

<p><b>Category 1</b> Care Home Placements (Priced)</p>	<ul style="list-style-type: none"> <li>• Abilities Development</li> <li>• Advinia</li> <li>• Allied Care</li> <li>• Avery Care</li> <li>• Bayswift</li> <li>• Blakesley Nursing Home</li> <li>• BUPA</li> <li>• Care UK</li> <li>• CMS Ltd</li> <li>• GSG Nursing Homes</li> <li>• HC-One Ltd</li> <li>• Healthcare Homes</li> <li>• Henry Nihil House</li> <li>• Shaw Healthcare Group Ltd</li> <li>• Ventry Residential Care</li> <li>• Voyage 1 Ltd</li> </ul>
<p><b>Category 2</b> Care Home Placements (Non-priced)</p>	<ul style="list-style-type: none"> <li>• Abilities Development</li> <li>• Allied Care</li> <li>• Avery</li> <li>• Bayswift</li> <li>• Blakesley</li> <li>• BUPA</li> <li>• Care UK</li> <li>• CareTech</li> <li>• Caring Consultancy</li> <li>• CMS Ltd</li> <li>• Cocklebury Farmhouse Homes</li> <li>• Consensus</li> <li>• Dimensions</li> <li>• Fircroft Services</li> <li>• Fitzroy Support</li> <li>• Frances Taylor Foundation</li> <li>• Georgian House - Torquay</li> <li>• GSG Nursing Homes</li> <li>• Healthcare Homes</li> <li>• Hestia Housing &amp; Support</li> <li>• Kisimul</li> <li>• Leonard Cheshire Disability</li> <li>• Lifestyle Care</li> <li>• Optima Care</li> <li>• Partnerships in Care</li> <li>• Positive Community Care</li> <li>• Precious Homes</li> <li>• SeeAbility</li> <li>• Sequence Care Ltd</li> </ul>

	<ul style="list-style-type: none"> <li>• Shine Partnerships</li> <li>• Sunrise Care</li> <li>• Support for Living</li> <li>• Terrance House</li> <li>• The Aurora Group</li> <li>• Ventry Residential Care</li> </ul>
<p><b>Category 3</b> CQC Regulated Supported Living Placements (Non-priced)</p>	<ul style="list-style-type: none"> <li>• Allied Care</li> <li>• Berks</li> <li>• Care Assist</li> <li>• Carers Thames Trust</li> <li>• CareTech</li> <li>• Caring Consultancy</li> <li>• Chiltern Supported Housing</li> <li>• Clece Care Services</li> <li>• Comfort Care Services</li> <li>• Craegmoor</li> <li>• Diagrama</li> <li>• Dimensions</li> <li>• Finefutures Ltd</li> <li>• Fircroft Services</li> <li>• Frances Taylor Foundation</li> <li>• Heritage Care</li> <li>• Jordan Xavier Ltd</li> <li>• Larkstone Ltd</li> <li>• Lifeways Community Care</li> <li>• Next Stage - A Way Forward</li> <li>• OneCare</li> <li>• People Who Care Ltd</li> <li>• Positive Community Care</li> <li>• Precious Homes</li> <li>• Richmond Fellowship</li> <li>• Royal Mencap Society</li> <li>• SeeAbility</li> <li>• Shine Partnerships</li> <li>• Sunrise Care</li> <li>• Support for Living</li> <li>• The National Autistic Society</li> <li>• Together for Mental Wellbeing</li> <li>• Ventry Residential Care</li> <li>• Yarrow Housing Ltd</li> </ul>
<p><b>Category 4</b> Non-CQC Regulated Supported Living Placements (Non-priced)</p>	<ul style="list-style-type: none"> <li>• Allied Care</li> <li>• Carers Thames Trust</li> <li>• Chiltern Supported Housing</li> <li>• Clece Care Services</li> <li>• Comfort Care Services</li> </ul>

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|--|---|
|  | <ul style="list-style-type: none"><li>• Craegmoor</li><li>• Dimensions</li><li>• Finefutures Ltd</li><li>• Hestia Housing &amp; Support</li><li>• OneCare</li><li>• Royal Mencap Society</li><li>• Shaw Healthcare Group Ltd</li><li>• Support for Living</li><li>• The National Autistic Society</li><li>• Voyage 1 Ltd</li><li>• Yarrow Housing Ltd</li></ul> |
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## Appendix 2: Category 1 Price Bands 2016-17

- a) The price bands are for 'standard' placements
- b) BMA Applicants seeking entry onto the DPS agree to offer placements within the BMA Price Bands where each Care Home is located
- c) Out of Area Applicants will agree to offer prices with reference to their local area best market prices
- d) All Nursing price bands are quoted inclusive of Funded Nursing Care (FNC)

### BMA 1 – Kensington & Chelsea, Westminster

Category	Banding
Residential	£615 - £670 per week
Res. Dementia	£675 - £760 per week
Nursing	£770 - £815 per week
Nursing Dementia	£775 - £815 per week
Out of Area Suppliers	With reference to local area best market price

### BMA 2 – Hammersmith & Fulham

Category	Banding
Residential	£500 - £555 per week
Res. Dementia	£560 - £600 per week
Nursing	£615 - £670 per week
Nursing Dementia	£645 - £680 per week
Out of Area Suppliers	With reference to local area best market price

### BMA 3 – Barnet

Category	Banding
Residential	£466 - £520 per week
Res. Dementia	£525 - £565 per week
Nursing	£620 - £670 per week
Nursing Dementia	£665 - £712 per week
Out of Area Suppliers	With reference to local area best market price

### BMA 4 – Ealing, Brent

Category	Banding
Residential	£466 - £520 per week
Res. Dementia	£515 - £555 per week
Nursing	£625 - £670 per week
Nursing Dementia	£640 - £680 per week
Out of Area Suppliers	With reference to local area best market price

### BMA 5 – Hillingdon, Hounslow

Category	Banding
Residential	£425 - £480 per week
Res. Dementia	£505 - £540 per week
Nursing	£575 - £650 per week
Nursing Dementia	£590 - £650 per week
Out of Area Suppliers	With reference to local area best market price