


<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>6 February 2017</p>	
<p>INDEPENDENT HEALTH COMPLAINTS ADVOCACY SERVICE (IHCAS)</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: Steven Falvey, Strategic Commissioner</p>	<p>Contact Details: Tel: 020 8753 5032 E-mail: steven.falvey@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 The Health and Social Care Act 2012 conferred a new duty of local authorities to commission independent health complaints advocacy services from April 2012.
- 1.2 Hammersmith and Fulham council currently contracts with Voiceability for the supply of a health complaints advocacy service. The contract is called off a pan London framework agreement set up by the London Borough of Hounslow, acting as the lead authority for a consortium of 26 London boroughs. This contract ends on 31 March 2017.
- 1.3 This report sets out the procurement strategy for an Independent Health Complaints Advocacy Service (IHCAS) framework jointly procured with between 17 and 24 other London authorities for a period of two years (with the provision to extend for further two years) from 1 April 2017 at an estimated cost (for H&F) of £142,032 for the four-year period. The service is designed to provide a comprehensive system to handling NHS complaints.
- 1.5 The London Borough of Hounslow has decided to take a different procurement approach, what has led to the need for another borough to take the lead. Southwark Council has agreed to undertake that role, and as such will be leading the procurement for a contract for the new consortium.

2. RECOMMENDATIONS

- 2.1 To approve the procurement strategy outlined in this report for the Council to access the independent health complaints advocacy service (IHCAS) from 1 April 2017 at an estimated cost (for H&F) of £142,032 for the four-year period. This figure includes a proposed fee of £2,306, payable to Southwark Council for carrying out the procurement exercise.
- 2.2 That delegated authority be given to the Executive Director for Adult Social Care and the Bi-Borough Director of Law, in consultation with the Cabinet Member for Health and Adult Social Care, to finalise the contract arrangements.

3. REASONS FOR DECISION

- 3.1 The Health & Social Care Act 2012 transferred the responsibility and funding to local authorities for commissioning NHS Complaints Advocacy (IHCAS – Independent Health Complaints Advocacy Service as it is currently known). IHCAS is a client centred, flexible service that supports and empowers anyone who wishes to resolve a complaint about healthcare commissioned and/or provided by the NHS in England. A replacement service is required to be in place from 01 April 2017 when the current contract ends.

4. INTRODUCTION AND BACKGROUND

- 4.1 The Health and Social Care Act 2012 conferred a new duty of local authorities to commission independent health complaints advocacy services from April 2012.
- 4.2 The current service was procured on behalf of H&F by the London Borough of Hounslow, as the lead authority for a consortium of 26 London boroughs.
- 4.3 H&F is responsible for all contract payments to the provider (as the service is delivered through a Service Agreement, called off from the Framework Agreement put in place by Hounslow).
- 4.4 The IHCAS service for the London Consortium is currently delivered by Voiceability. This contract ends on March 31st 2017.
- 4.5 Southwark Council has agreed to take the lead and as such will be leading the procurement for a new contract for the consortium.

5. BUSINESS PROPOSAL AND ISSUES

Personalisation, Choice and Control

- 5.1 The current IHCAS service is designed to provide a comprehensive system with a local personal approach to handling NHS complaints. Potential providers will need to demonstrate capacity and competence and a focus on resolving complaints locally.

Business Case Including Evidence Base and Efficiencies

- 5.2 IHCAS is a statutory service that is required to be put in place by Local Authorities. It is believed amongst the participating boroughs in the London consortium that a service across multiple boroughs is more cost effective and deliverable for a very mobile population in London than the set-up of individual contracts in each borough.
- 5.3 Individual boroughs are aware of the level of funding available for this service. Each authority receives, as part of their base grant from Government, an indication of funding through the Local Reform and Community Voices grant (LRCVG). H&F received for 2016/7: £94,996 of which £34,000 is allocated for IHCAS.
- 5.4 A working group of commissioners from the current consortium of London boroughs, has been meeting to discuss a range of options in relation to the procurement of IHCAS including a repeat of the Pan-London joint procurement.
- 5.5 The current service model is well regarded and working well. Performance of the current provider is good and has even delivered savings within the contract period.
- 5.6 There is currently four years of reported activity under the existing contract for each borough. The data shows that there is a spread of activity across London.
- 5.7 For H&F the average number of cases appear to be 71 per year. The approved budget for this contract for H&F has reduced from £54,000 per annum in 2013/15 to £36,400 in 2015/6, reducing further to £34,000 for 2016/17.
- 5.8 The original budget was set above the levels estimated at the start of the contract which were based on activity figures from the service previously commissioned by central government. This was in order to mitigate for any risk of demand exceeding budget and to allow for any increased demand as a consequence of the Healthwatch signposting service which also came into effect from 1 April 2013.
- 5.9 A 15 per cent reduction in the core budget was agreed with the provider for the third year of the contract 2015-16. The budget was also reduced in April 2015 to reflect actual demand and spending for projected spending for year two of the contract, although it was understood that if activity exceeded the budget that would need to be met.
- 5.10 Expenditure in contract year three from April 2015 to March 2016 was as follows:

Table 2: Independent NHS Complaints Advocacy Service budget and spending for year 3 (2015/16)

Contract year 3 (2015/16)				
Total budget £	Actual spend £			Actual under-spend £
	Core	Tariff	Total actual	

			spend	
36,000	14,260	14,164	28,424	7,976

- 5.11 The original Framework contract value was advertised as £7m. In reality this is actually forecast to be around £3.8m. It is proposed that the cost for the new framework be based on activity levels of year 3 (as year four are not complete at this stage). This will give an estimated value (for a four-year framework contract) of £4m (for the maximum number of participating authorities – 24) allocation (a known sum of money) with which they can plan to meet their needs.

Procurement Approach and Quality

- 5.12 There is an opportunity for Southwark Council to lead the Pan-London procurement of an independent health complaints advocacy service.
- 5.13 It is proposed to run this procurement in a similar way as it was by Hounslow back in 2012. In order to participate in this procurement a Council has signed up to a Participation Agreement that governs and regulates the relationships between the participating Boroughs and the lead procurement authority (Southwark Council). There is the potential of 24 London boroughs participating in this procurement.
- 5.14 Southwark Council as the lead borough for the joint procurement will facilitate meetings of stakeholders, including customer groups, providers and commissioners, and develop proposals for discussion and agreement.
- 5.15 Southwark will use the Open procedure to maximise interest in the contract opportunity. The contract falls within the category of social and other specific services which are subject to a “light touch” regime under the Public Contracts Regulations. A contract notice has been published in OJEU and the Contracts Finder. A single provider Framework Agreement will be the mechanism through which local authorities are able to call off the service via indirect call of agreements.
- 5.16 Adult Social Care and Corporate Procurement agree that it is important that the Council gives itself the option of being able to access the framework, as this is likely to offer best value. It is worth noting though that this option does not commit the Council to use the framework should it not offer best value and/or Cabinet does not approve the strategy.
- 5.17 If the Council decides not to use the framework and/or Cabinet does not approve the strategy, it will be liable to paying a proposed fee, at an estimated cost of £2,306, to Southwark Council for carrying out the procurement.
- 5.18 It has also been agreed across all those participating boroughs for a contribution (fee) to be paid to Southwark to cover the costs of managing and monitoring this contract. This fee is £29,830 per annum and will be evenly split across all participating boroughs. If 24 boroughs participate for example, then H&F’s contribution will be £1,242. Budgetary provision exists for this within the overall budget.

- 5.19 For full detail on the procurement approach, please refer to Appendix A, Section 9.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1 The service is being procured as one complete service and not broken down into smaller lots. The current configuration of the services and feedback from other commissioners and boroughs is that this model works well, and adding in complexity of additional lots (and potentially more providers) would make the contract management and provider management task more onerous.

Appraisal of procurement options

- 6.2 The following options have been considered in relation to the procurement of this service:

Option 1. Pan-London procurement, excluding boroughs that go independently
This will allow the continuation of the current successful model, continue to deliver economies of scale through a single point of access and more efficient use of staff within the contract and drive better professional standards across the service provider. This is considered to provide the most cost effective option based on the potential economies of scale available.

Option 2. Other joint procurement agreements (e.g. neighbouring boroughs only). This would break up the current arrangement, lead to potentially a more expensive and duplicated service model across a greater number of local areas. It could however give a more local provider that would have better links into local services.

Option 3. Single borough approach, merging with other established local advocacy services. This would break up the current arrangement, lead to potentially a more expensive and duplicated service model across a greater number of local areas.

- 6.3 The preference from the options above is Option 1 (Pan-London procurement, excluding those boroughs that decide to go independently).
- 6.4 Please refer to Appendix B for more detail on the models of funding for the core service for the new contract, and individual LA allocations.

7. CONSULTATION

- 7.1 The range of options have been developed through discussions with commissioners, and the current provider. Future stakeholder meetings will involve engagement with customer groups and providers. Boroughs have been consulted as to their preferred route of procurement.

8. EQUALITY IMPLICATIONS

8.1 Officers have been mindful of the need to have due regard to the Public Sector Equality Duty imposed by section 149 of the Equality Act 2010, which requires the Council to:

- Eliminate discrimination, harassment, victimisation or other prohibited conduct;
- Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
- Foster good relations between person who share a relevant protected characteristic and those who do not share it.

8.2 The health and wellbeing of H&F residents will be at the core of the work for this service. The aim of the service is to have a positive impact by empowering people who are disadvantaged to effectively complain about NHS services. As this is the case, an Equalities Impact Assessment has not been completed.

9. **LEGAL IMPLICATIONS**

9.1 This report refers to the procurement of a framework from which the Council will seek to call off. It will be necessary to ensure that the Council is identified in the contract and that the estimates and other crucial data are properly stated in the OJEU Notice and that a view is taken at the time of the call off that the framework is lawfully procured.

9.2 Compliance with the standing orders requires investigation as to best value (SO 8.2). Once this is satisfied, the Council must comply with the rules of the framework. It is also noted that the expenditure is above the relevant thresholds requiring advertising of the letting of the framework in the OJEU.

9.3 Legal implications verified by Jonathan Miller (Shared Legal Services – Contracts and Employment Team Telephone Number 07779333041).

10. **FINANCIAL AND RESOURCES IMPLICATIONS**

10.1 The level of funding available for this service is part of the LRCVG. H&F received for 2016/7: £94,996 of which £34,000 is allocated for IHCAS is allocated for IHCAS. The funding available for IHCAS is not ring-fenced and it is for the council to determine how much spend there should be on IHCAS.

10.2 The approved budget for this contract for H&F has reduced from £54,000 per annum in 2013/15 to £36,400 in 2015/6, reducing further to £34,000 for 2016/17.

10.3 The recommendation in paragraph 2.1 above, to enter in to an Independent Health Complaints Advocacy Services Framework (IHCAS) will cost £36,306 in 2017/18, £35,242 in 2018/19 with a further £71,545 if the option of an additional two year extension is exercised. This will be a maximum of £142,032 over the proposed lifetime of the contract.

This can be met from existing Adult Social Care revenue budgets.

10.4 Financial implications verified by Cheryl Anglin-Thompson, Principal Officer, 020 8753 4022 email:cheryl.anglin-thompson@lbhf.gov.uk

11. IMPLICATIONS FOR BUSINESS

- 11.1 The market consists of a range of organisations with knowledge of health service and social care services and structures. It is estimated there are seven organisations capable of supplying this service. The procurement exercise in 2012 resulted in four tenders being received. It is anticipated that this procurement exercise will result in a similar number of returned tenders.
- 11.2 Providers will need to demonstrate local knowledge and the ability to deliver a client centred, flexible service that supports and empowers anyone who wishes to resolve a complaint about healthcare commissioned and/or provided by the NHS in England.

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. Such risks are noted on the Council's Corporate risk register.
- 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 report sets out the procurement strategy for an Independent Health Complaints Advocacy Service (IHCAS) framework jointly procured with between 17 and 24 other London authorities for a period of two years (with the provision to extend for a further two years) from 1 April 2017 at an estimated cost (for H&F) of £142,032 for the four-year period.
- 13.2 The overall value of the framework agreement is estimated to be £4,000,000 for all participating London Authorities for the four-year period.
- 13.3 The report acknowledges that the contract falls within the category of services which are subject to a "light touch" regime under the Public Contracts Regulations. A contract notice will need to be published in OJEU and the Contracts Finder. It will be necessary to ensure that H&F is clearly identified as one of the contracting authority in the call for competition for this Framework Agreement.
- 13.4 The recommended option is Option 1. The author of the report explains the benefits for the recommended option in the report. The author has also provided the justification for not dividing the contract into smaller lots within the body of the report.

- 13.5 A Framework Agreement will be the mechanism through which H&F is able to call off the service. It needs to be in compliance with the rules of Framework Agreement.
- 13.6 The recommended price/quality split is 40:60 respectively and the report acknowledges emphasis on qualitative elements for high quality service for service users.
- 13.7 The award for call-off agreement will be in accordance with CSO 17.3.
- 13.8 Implications completed by: Jayeeta Guha, Senior Procurement Officer, ASC, Jayeeta.Guha@rbkc.gov.uk

14. IT STRATEGY IMPLICATIONS

- 14.1 There are no immediate IT strategy implications.

15. SOCIAL VALUE

- 15.1 This service supports council policy objectives to promote independence and well-being by funding activities and services to facilitate community representation and voice in the areas of health and social care. This will further the aim of promoting inclusive and representative community participation in the planning, commissioning, delivery, and quality of these services in H&F.
- 15.2 The pursuit of additional Social Value and community benefits will be reflected in the contract award criteria, tenderers 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 the preparation of this report

Local Government Association: Practice guidelines for independent health complaints advocacy services

<http://www.local.gov.uk/documents/10180/6869714/L15-551+Practice+guidelines+for+independent+health+complaints+advocacy+services/5a8a439f-48f0-4609-b4b1-34f39f02e19c>

The Public Contracts Regulations 2015. Guidance on the new light touch regime for health, social and certain other contracts. Legislation.gov.uk, 2015

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/469057/LTR_guidance_v2_8_updated_October_2015_to_publish_1_.pdf

National Social Care Category Strategy. National Procurement Strategy. LGA 2015

<http://www.local.gov.uk/documents/10180/7519026/lq+procurement+-+National+social+care+category+strategy+for+local+government/dc65f5a4-5c2d-4ba4-92c7-a25b8f58fa09>

Contact officer(s):

Steven Falvey, Strategic Commissioner, steven.falvey@lbhf.gov.uk

APPENDIX A: BUSINESS CASE AND PROCUREMENT STRATEGY REPORT

BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

IHCAS is a statutory service that is required to be put in place by Local Authorities. It is believed amongst the participating boroughs in the London consortium that a service across multiple boroughs is more cost effective and deliverable for a very mobile population in London than the set-up of individual contracts in each borough.

Individual boroughs are aware of the level of funding available for this service. Each authority receives, as part of their base grant from Government, an indication of funding through the Local Reform and Community Voices Grant (LRCVG). H&F received for 2016/7: £94,996 of which £34,000 is allocated for IHCAS is allocated for IHCAS.

A working group of commissioners from the current consortium of London boroughs, has been meeting to discuss a range of options in relation to the procurement of IHCAS including a repeat of the Pan-London joint procurement.

The current service model is well regarded and working well. Performance of the current provider is good and has even been able to deliver savings within the contract period.

There is currently four years of reported activity under the existing contract for each borough. The data shows that there is a spread of activity across London.

For H&F the number of cases appear to be around 71 per year. The approved budget for this contract for H&F has reduced from £54,000 per annum in 2013/15 to £36,400 in 2015/6, reducing further to £34,000 for 2016/17.

The original Framework contract value was advertised as £7m. In reality this is actually forecast to be around £3.8m. It is proposed that the cost for the new framework be based on activity levels of year three (as year four are not complete at this stage). This will give an estimated value (for a four-year framework contract) of £4m (for the maximum number of participating authorities – 24) allocation (a known sum of money) with which they can plan to meet their needs.

2. FINANCIAL INFORMATION

The total value over the lifetime of the contract (two years plus two possible annual extensions) is estimated to be up to £142,032 (£36,306 for the first year and £35,242 for the life of the contract thereafter).

The level of funding available for this service is part of the LRCVG. H&F received for 2016/7: £94,996 of which £34,000 is allocated for IHCAS is allocated for IHCAS. The funding available for IHCAS is not ring-fenced and it is for the council to determine how much spend there should be on IHCAS.

The approved budget for this contract for H&F has reduced from £54,000 per annum in 2013/15 to £36,400 in 2015/6, reducing further to £34,000 for 2016/17.

Participating boroughs have agreed that a proposed fee of £55,000 will be payable in total to Southwark Council for carrying out the procurement. The proportion each Council will be required to pay will be determined by the number of boroughs participating e.g. if 24 boroughs participate, H&F's contribution will amount to £2,306.

It has also been agreed across all those participating boroughs for a contribution (fee) to be paid to Southwark to cover the costs of managing and monitoring this contract. This fee is £29,830 per annum and will be evenly split across all participating boroughs. If 24 boroughs participate for example, then H&F's contribution will be £1,242.

The proportion each Council will be required to pay will be determined by the number of boroughs participating.

Financial implications verified by Cheryl Anglin-Thompson, Principal Officer, 020 8753 4022 email:cheryl.anglin-thompson@lbhf.gov.uk

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

The following options have been considered in relation to the procurement of this service:

Option 1. Pan-London procurement, excluding boroughs that go independently
This will allow the continuation of the current successful model, continue to deliver economies of scale through a single point of access and more efficient use of staff within the contract and drive better professional standards across the service provider. This is considered to provide the most cost effective option based on the potential economies of scale available.

Option 2. Other joint procurement agreements (e.g. neighbouring boroughs only)
This would break up the current arrangement, lead to potentially a more expensive and duplicated service model across a greater number of local areas. It could however give a more local provider that would have better links into local services.

Option 3. Single borough approach, merging with other established local advocacy services. This would break up the current arrangement, lead to potentially a more expensive and replicated service model across a greater number of local areas.

The preference from the options above is Option 1 (Pan-London procurement, excluding those boroughs that decide to go independently).

Risks and Mitigating Factors

The lead authority (Southwark) will be managing the risks in consultation with all signed up partners. The table below sets out the risks and mitigation.

Risks	Mitigation or control	Likelihood
Failure by boroughs to reach agreement to pursue a joint Pan-London approach	Boroughs to seek their own legal advice. Discussions to be progressed through the commissioner's network. Majority decision will stand or individual procurement is pursued	Low
TUPE implications cause a delay in timetable for implementation of any new contract	Ensure any new and outgoing providers are in contact at the earliest opportunity and supported to engage all staff at the earliest opportunity	Medium
Low response of tenders returned	Ensure all opportunities to advertise the procurement are taken to ensure potential providers are aware	Medium
Impact on the service of a major NHS crisis e.g. North Staffordshire. Some boroughs could end up subsidising others.	Contingencies written into the contract. Funds withheld for such an event	High
A Pan-London provider may not have sufficient local knowledge	A requirement to be set out in the contract. Providers could address this by sub-contracting and advocates required to have knowledge of and travel into boroughs	Low
The council could incur legal costs/damages through no fault of its own through a procurement challenge	Advice is currently being sought in order to ensure the Council is fully covered for its role in this procurement	Low
Boroughs that may subsequently want to withdraw from the contract could jeopardise the entire service	The framework agreement will address this.	Low
Could be difficult to agree changes to provision if services are not working in some boroughs but are in others	Contract monitoring (including cluster approach) of performance to address this.	Low
The Pan-London procurement is not completed in time	Adherence to the timeline or revised timeline and late commencement.	Medium

4. THE MARKET

The market consists of a range of organisations with knowledge of health service and social care services and structures. It is estimated there are seven organisations capable of supplying this service. The procurement exercise in 2012 resulted in four tenders being received. It is anticipated that this procurement exercise will result in a similar number of returned tenders.

Providers will need to demonstrate local knowledge and the ability to deliver a client centred, flexible service that supports and empowers anyone who wishes to resolve a complaint about healthcare commissioned and/or provided by the NHS in England.

5. PROCUREMENT STRATEGY

CONTRACT PACKAGE, LENGTH AND SPECIFICATION

The strategy recommends that the service is procured as one complete service and not broken down into smaller lots. The current configuration of the services and feedback from other commissioners and boroughs is that this model works extremely well, and adding in complexity of additional lots (and potentially more providers) would make the contract management and provider management task more onerous.

A specification for the independent health complaints advocacy service has been developed in consultation with other London boroughs. It is proposed to use the majority of documentation from the 2012 process with minimal updating and bringing in line with Southwark's processes as required.

It is recommended that the contract length is for two years, with an option to extend up to a further two years if beneficial. The exact terms of the contract will be 1 April 2017 to 31 March 2019, with the provision to extend for a further two years.

A break clause will be added to the contract, allowing for any borough to withdraw from the framework, having given the required notice period of six months. If any one borough pulls out of the contract, the 'core element cost' will be recalculated to be shared among the remaining boroughs. The tariff element is not affected unless the number of boroughs goes below a certain level.

Officers have consulted with Southwark Council in regards to having input into the service model design and procurement process. This was to ensure H&F values are embedded in the contract documentation. Also that those delivering the service have a detailed local knowledge of the borough, its specific needs and the objectives of the administration.

A procurement evaluation panel will be set up with representatives from the commissioners' network. It will include, procurement and finance and will carry out evaluation of the tenders. Southwark have requested volunteers from boroughs to take part in the evaluation.

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well-being of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.

The procurement of a joint contract is a cost effective way of dealing with complaints management. It will be a demand led service and provide one single point of contact for people wishing to bring complaints about the delivery of NHS services. Joint procurement of a Pan-London service also supports a cost effective commissioning approach achieving economies of scale and lower transaction costs of commissioning for each individual borough.

This service supports council policy objectives to promote independence and well-being by funding activities and services to facilitate community representation and voice in the areas of health and social care. This will further the aim of promoting inclusive and representative community participation in the planning, commissioning, delivery and quality of these services in Southwark.

The successful contractor will be expected to meet the London Living Wage (LLW) requirements. Given the need to recruit and retain high quality staff, it is considered that best value will be achieved by including this requirement. As part of the tender process, bidders will be required to confirm that they will be paying LLW and the benefits that this will provide to the council. On award, the quality improvements and cost implications will be monitored as part of the annual review of each contract.

7. OTHER STRATEGIC POLICY OBJECTIVES

The award of this contract supports the national policy framework. In April 2009 DH published the Local Authority Social Services and National Health Service Complaints (England) Regulations which introduced a key change where for the first time social services and NHS complaints were aligned and subject to the same complaints process. Social care complaints are incorporated into the council's corporate complaints policy.

The Health & Social Care Act 2012 introduces a number of changes including the transfer of public health accountabilities from the NHS to local authorities, the abolition of PCTs to be replaced by GP led clinical commissioning groups (CCGs) and the creation of patient champion groups known as LHW. The Act also includes a requirement for the establishment of local Health and Wellbeing Boards with a duty on the council to co-ordinate.

8. STAKEHOLDER CONSULTATION

The range of options have been developed to date through discussions with commissioners, and the current provider. Boroughs have been consulted as to their preferred route of procurement. Future stakeholder meetings will involve engagement with customer groups and providers.

9. PROCUREMENT PROCEDURE

There is an opportunity for Southwark Council to lead the Pan-London procurement of an independent health complaints advocacy service.

It is proposed to run this procurement in a similar way as it was by Hounslow back in 2012. In order to participate in this procurement a Council will need to sign-up to a Participation Agreement that governs and regulates the relationships between the participating Boroughs and the lead procurement authority (Southwark Council).

The Participation Agreement was finalised through learning from the present contract.

Boroughs have notified Southwark of an in principle commitment to signing-up. There is the potential of 24 London boroughs participating in this procurement.

Under the terms of the Agreement, the participating boroughs agree to share the costs of carrying out the procurement. Each Council will be required to pay a proportion of the fee that Southwark Council has proposed (£55,350). The proportion each Council will be required to pay will be determined by the number of boroughs participating e.g. if 24 boroughs participate, H&F's contribution will amount to £2,306.

The fee is to cover the staffing resource required to run the procurement and any management costs, including any additional insurance costs required to cover Southwark Council to run a procurement on behalf of a large number of other authorities (advice is currently being sought in order to ensure the Council is fully covered for its role in this procurement).

Individual Local Authorities will have needed to have gained approval within their own organisations to proceed with a Pan-London procurement approach and to make a commitment about the funding (based on the level of funding they receive through the Local Reform and Community Voices Grant they wish to commit).

Southwark Council as the lead borough for the joint procurement of independent health complaints advocacy will facilitate meetings of commissioners and developing proposals for discussion and agreement by commissioners. At its last meeting (24 August 2016) it was decided:

- To keep the specification for the service as it currently is with a core service and tariffs for face to face and remote advocacy.
- To discuss the financial model for the split of core costs for the service at the next meeting (based on current model and a revised model based on activity of current contract).
- The service will only be for NHS complaints Advocacy (however providers will be expected to deal with joint NHS/Social Care complaints and the latter will not be explicitly excluded. There is an expectation that the provider will work with and refer to locally commissioned services).

A project group has been established to oversee the procurement. This group includes legal, procurement and finance representatives from Southwark.

The Council has used the Open procedure to maximise interest in the contract opportunity from a relatively small market.

The opportunity will be notified by the participating authorities to their respective local providers.

The contract falls within the category of social and other specific services which are subject to a “light touch” regime under the Public Contracts Regulations. A contract notice has been published in OJEU and the Contracts Finder.

A Framework Agreement will be the mechanism through which local authorities are able to call off the service.

A ‘call off’ service contract will be developed to enable local authorities to call off the service as required once the procurement process has been completed and a service provider appointed.

The individual borough ‘call off’ service contracts will start on 01 April 2017 for a period of 2 years in the first instance and subject to the continuation of funding and satisfactory performance with provision to extend for up to a further 2 years (2 single year extensions).

10. CONTRACT AWARD CRITERIA

It is recommended that the price/quality split is 40:60 respectively. This is because economies have already been made with this procurement though savings made by reducing the annual contract value. In order to achieve the best value elements of efficiency and effectiveness, it is necessary to have more qualitative evaluation indicators to thoroughly assess these elements.

PROJECT MANAGEMENT AND GOVERNANCE

11. PROJECT MANAGEMENT

Southwark Council as the lead borough has established a project management group to oversee the procurement. This group includes legal, procurement and finance representatives from Southwark. Meetings with commissioners from participating boroughs will be scheduled regularly.

12. INDICATIVE TIMETABLE

H&F Governance

Stage	Deadline	Governance Stage (indicative Dates)
CoCo Board	TBC	TBC
Business Delivery Team	18 December 2016	22 December 2016
HFBB		28 December 2016

	23 December 2016	
Cabinet Member Board	3 January 2017	5 January 2017
H & F Political Cabinet	9 January 2017	16 January 2017
Cabinet Approval (H & F)	23 January 2017	6 February 2017
CoCo Board	TBC	TBC
H & F Cabinet Member Digest: Contract Award	TBC	TBC

Indicative Procurement Table (Southwark Leading)

Development of contract specification	25 November 2016	
Advert and OJEU notice for Flexible Support Contract	Use CapitalEsourcing	4 December 2016 TBC
Issue PQQ	Use CapitalEsourcing	4 December 2016 NB Single Stage Process
Deadline for return of PQQ	N/A	
Evaluate PQQ	N/A	
Invite eligible providers to begin competitive dialogue	N/A	
Request final submissions	N/A	
Deadline for return of final submissions	Use CapitalEsourcing	10 January 2017
Evaluation of final submissions	20 January 2017	
Contract award	1 April 2017	
Implementation Period	April – June 2017	

13. CONTRACT MANAGEMENT

To be developed in consultation with the boroughs signed up to the Participation Agreement. It has been agreed across all those participating boroughs for a contribution (fee) to be paid to Southwark to cover the costs of managing and monitoring this contract. This fee is £29,830 per annum and will be evenly split across all participating boroughs. If 24 boroughs participate for example, then H&F's contribution will be £1,242.

Each individual borough will be responsible for payment of invoices related to the costs attributed to their Local Authority directly with the provider.

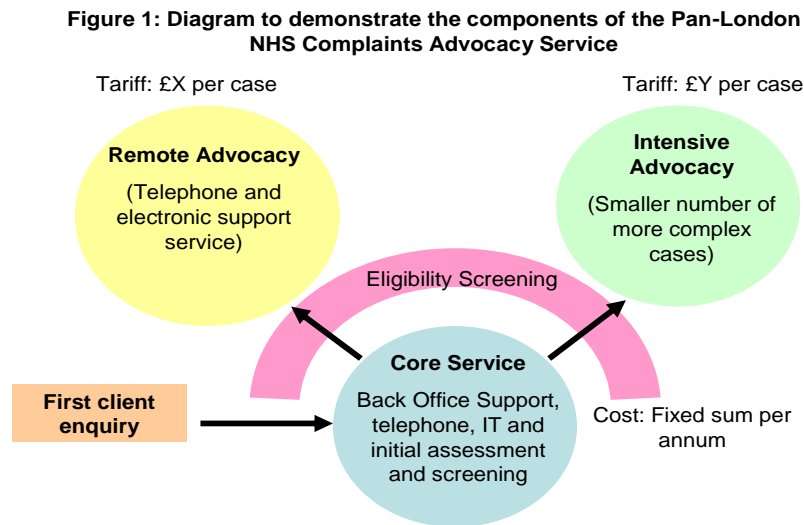
Participating boroughs will be expected to engage and participate in quarterly monitoring meetings with the provider. It will be expected that each local

Healthwatch (LHW) will have an overview of the issues and outcomes from the delivery of the contract in order to inform the work and direction of LHW.

All participating boroughs have agreed to contribute towards the cost of management and monitoring of the contract. As set out in the participation agreement each participating authority will be charged a fee proportionate to the number of authorities participating.

APPENDIX B: MODELS OF FUNDING FOR CORE SERVICE FOR NEW CONTRACT

The model is based on a framework which has been developed in consultation with the 26 participating London Boroughs. The framework (Figure 1) is structured around a core service which it is intended the majority of clients will use and will be a fixed cost to the participating councils. There will also be two tariff based services, a remote advocacy service and an intensive advocacy service. Access to these services will be through a screening process based on criteria to establish the client's eligibility, the assessment criteria will be defined as part of the contract mobilisation.



The current Pan-London IHCAS contract used a financial model to split the costs of the Core service element. This model was built using the DH allocations that were assigned to each participating Local Authority through the LRCVG.

This model was developed as there was no robust monitoring or performance data available to Commissioners to develop a model based on usage of the service. For the new procurement discussion within the Commissioners group has revolved around the development of a new financial model for the split of the core service as there is now robust monitoring and performance data through the life of the current contract.

The following two models of funding have been proposed for the new contract:

Model 1

This model builds on the original model from the original procurement and is based on a proportional split of the core service by allocation of funding from the LRCVG. The allocation of DH funding has been taken from the Local Authority Social Services Letter (LASSL (DH)(2016)) dated April 2016. This letter clarifies

the specific revenue funding for the financial year 2016/7 that has been allocated per Local Authority for the LRCVG of which a proportion is allocated for IHCAS.

That proportion has been calculated as follows (for all LA's):

(National Allocation IHCAS / National LRCVG) = % proportion

(£14.41m / £32.83m = 43.89%)

This proportion has then been multiplied against the allocated DH LRCVG to give an allocation for IHCAS. The total of all the allocations for IHCAS for LA's interested in participating has then been calculated and a proportion then calculated for those LA's.

Model 2

This model is built from the activity within the current IHCAS contract. Activity from the first 3 years (2013/14 – 2015/6) has been averaged.

This model has two main weaknesses:

- Harrow were not within the contract, so no data on which to calculate a proportion.
- Wandsworth were only engaged for the last two years, so only 1 year of data (2015/6) used.

The preference is for Model 1 for the following reasons:

- Data readily available and comparable for all Participating Boroughs - covers all London boroughs irrespective of whether they were part of framework at all or just for a few years, so no need for different calculations for new framework borough joiners or late joiners.
- The proportion splits are relatively similar to the model currently used, so this will not extensively change what each participating borough is already spending on the core service.
- Funding allocations agreed by Central Government - so independent of any local authority.

For information purposes, what follows is the total of all the allocations for IHCAS for LA's interested in participating. This has then been calculated and a proportion then calculated for those LA's.

Borough	LRCVG	multiplier	IHCAS funding	Proportion
Barking & Dagenham	£ 124,828.00	43.89%	£ 54,790.48	3.06%
Barnet	£ 197,890.00	43.89%	£ 86,859.42	4.85%
Brent	£ 183,610.00	43.89%	£ 80,591.54	4.50%
Bromley	£ 162,750.00	43.89%	£ 71,435.50	3.99%
Camden	£ 175,780.00	43.89%	£ 77,154.73	4.30%

Croydon	£ 191,581.00	43.89%	£ 84,090.23	4.69%
Ealing	£ 193,799.00	43.89%	£ 85,063.77	4.75%
Enfield	£ 177,540.00	43.89%	£ 77,927.24	4.35%
Greenwich	£ 181,866.00	43.89%	£ 79,826.05	4.45%
Hackney	£ 192,083.00	43.89%	£ 84,310.57	4.70%
Hammersmith & Fulham	£ 125,554.00	43.89%	£ 55,109.14	3.07%
Haringey	£ 156,974.00	43.89%	£ 68,900.25	3.84%
Harrow	£ 132,587.00	43.89%	£ 58,196.12	3.25%
Havering	£ 137,489.00	43.89%	£ 60,347.75	3.37%
Hillingdon	£ 142,333.00	43.89%	£ 62,473.91	3.49%
Islington	£ 175,798.00	43.89%	£ 77,162.63	4.30%
Kensington	£ 118,502.00	43.89%	£ 52,013.82	2.90%
Kingston	£ 78,361.00	43.89%	£ 34,394.82	1.92%
Lambeth	£ 206,289.00	43.89%	£ 90,545.98	5.05%
Merton	£ 102,249.00	43.89%	£ 44,879.93	2.50%
Redbridge	£ 152,568.00	43.89%	£ 66,966.34	3.74%
Southwark	£ 214,727.00	43.89%	£ 94,249.65	5.26%
Tower Hamlets	£ 200,280.00	43.89%	£ 87,908.46	4.90%
Wandsworth	£ 177,379.00	43.89%	£ 77,856.58	4.34%
Westminster	£ 180,893.00	43.89%	£ 79,398.97	4.43%