



People (Adults) Directorate re-procurement of Domiciliary Care

➤ Domiciliary care

- Domiciliary care providers play an essential role within the health and social care system.
- Deliver care to individuals with an assessed need – enable them to remain independent at home/ at home for longer.
- Domiciliary care includes activities such as:
 - Personal care – washing, toileting, getting dressed.
 - Transfers eg from bed to chair.
 - Administration of medication.
- Supports timely discharge from hospital
- Cheaper than residential care
- Local authorities are required to ensure a diverse and sustainable market to meet eligible assessed care needs, including care at home for those who require it (Section 5 of the Care Act 2014)
- Domiciliary care is accessed by individuals receiving commissioned services, direct payments and self-funders.

What we are doing...

- Re-procure domiciliary care services to replace contracts that are coming to the end in July and December this year.

How are we doing this....

- It is recommended that we re-procure in tranches through the Adult Social Care Dynamic Purchasing System

Aims...

- To ensure sufficiency of local domiciliary care supply
- To encourage new entrants to the local supply chain
- To provide services that meet our population demographic diversity
- To work with local providers to improve quality of provision
- To obtain good value for money services

Domiciliary care market – National picture

- Challenging picture nationally.
- Economic pressures affecting the market:
 - Inflationary increases (fuel costs, uniform, equipment, overheads)
 - Increases in National Insurance (for employers and employees as of April 2022)
 - Wage competition from other sectors
- Other factors affecting the market:
 - EU Exit
 - Impact of Pandemic
 - Mandate (now being reversed)
- Consequences nationally:
 - Reduced hours / handing back packages
 - Quality issues
 - Business viability
- Mitigations
 - Grants – Workforce Recruitment and Retention – Rounds 1 and 2 – to be spent by March 22.
 - SBC will also award inflationary uplifts (supported by sufficient business case from providers)

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Domiciliary care market - local Picture

- 22 providers contracted to deliver care
- CQC regulated – 1 Outstanding, 18 Good, 2 Requires Improvement, 0 Inadequate, 1 awaiting inspection.
- Quality is monitored through QA Team and overseen by the Care Governance Board
- Providers have responded well to the challenges of the pandemic.
- Positive partnership working – hospital discharge, engagement at Provider forums etc.
- Council will be undertaking Fair Cost of Care Assessment over the coming months under ASC Reforms.

Domiciliary care market - local Picture

- Over previous 12 months – 1471 packages of care at a total cost of £6.8M and an average cost of £17.91 per hour. Care workers are paid at least National Living Wage and also travel time.
- Providers procured using DPS – different tranches.

Contract Expiry Date	Total packages of care	Weighted Average Hourly Price	Total annual expenditure
July 2022	642	£18.21	£3.5m
December 2022	386	£18.06	£1.6m
Beyond 2022	443	£17.21	£1.7m
Totals	1471	£17.91	£6.8m

Domiciliary care market – Options Considered

Options	Pros	Cons
Option 1 – Do not retender	Reduce resource pressure on teams	Limited number of contracted suppliers – might not have capacity to deliver services. People would be required to transfer to another provider. Lead to non-compliant purchasing activity.
Option 2 – Retender via DPS on a staggered basis Recommended to Cabinet	Maintains sufficiency and diversity of supply. Meets Best Value requirements – competition. Spreads risk Process allows for further competition when securing individual packages of care. Flexibility for providers – to deliver as many packages safely as workforce allows.	Economic pressures placed on providers – likely to have an impact upon the market.
Option 3 - Retender using a different method eg block contracts (see more options on next slide)	Positive impact for providers – surety of income and can plan business more effectively.	Concentration of risk with limited number of suppliers If demand fluctuates below block level – pay for unused hours.
Option 4 - Retender both tranches at the same time	Reduce resource pressure on teams	Contracts have different end dates – cannot extend tranche 1 or bring forward end date for tranche 2. Does not spread the risk Would be retendering both tranches in advance of further information being released around Fair Cost of Care.

Procurement options considered

Procurement Strategic Approach	Consideration	Recommendation
<p>Option 1 - Use of Suppliers engaged through mini-competition stage on the ASC Dynamic Purchasing System (DPS)</p>	<p>Periodic refresh of suppliers permitted. Can attract new suppliers / market entrants Time efficient process</p>	<p>Yes – maintains a sufficiency of supply and permits the maintenance of a diverse market. Resource / Time efficiency for officers.</p>
<p>Option 2 - Sole supplier</p>	<p>On face value it may appear as though there are economies of scale. However larger scale overheads offset this to some degree.</p>	<p>No – High risk of supply failure. Removes opportunity for new entrants. Market and sufficiency concerns.</p>
<p>Option 3- One Lead Supplier with Subcontractors / Consortia</p>	<p>The market is highly competitive with suppliers competing for market share and staffing resource. Competing interests of constituent parties.</p>	<p>No – High risk of supply failure and lack of sufficiency of supply.</p>
<p>Option 4 - Small number of suppliers – operating in geographical areas.</p>	<p>Service demand patters across the borough are not conducive to geographical constraints. Consultation with local suppliers has indicated this model is highly likely to fail .</p>	<p>No – High risk of supply failure and lack of sufficiency of supply</p>

Procurement options considered

Procurement Strategic Approach	Consideration	Recommendation
Option 5 - Fixed framework of larger number of suppliers.	Experience in the borough has shown that the number of viable suppliers reduces over the lifetime of the contract leading to a shortage in supply. This can lead to having to reopen the framework or purchase off framework. Longer procurement time also required.	No – High risk of supply failure over time and less agility in replenishing supply and encouraging new entrants. Longer procurement timescales. Can lead to purchasing outside of framework.
Option 6 – Joint procurement with other neighbouring authorities / East Berkshire	Other local authorities have used different methods. One E Berks authority now operating DPS. Different contract end dates across different local authorities.	No. SBC has managed to secure sufficiency of supply at competitive rates through adopting this method.

RISKS OF MODEL Recommended to Cabinet

Risk	Assessment	Mitigation	Residual Risk
Risk 1 -Suppliers do not bid	Medium Existing suppliers keen to retain customer base. Although might be attracted to other areas.	The DPS permits new entrants to register. A PIN will be issued to direct new interested parties to register on the DPS.	Low
Risk 2 - Suppliers bid at excessive and unaffordable hourly rates.	Medium / High The market is facing significant economic pressures (see Slide 3)	Instructions to tender will include scoring mechanism concerning price evaluation. Information concerning service allocation will also be issued – based upon need / price. Inflationary uplifts information will be included in tender documents.	Low / Medium
Risk 3 – Suppliers bid at rates which are higher than those currently secured.	High The market is facing significant economic pressures (see Slide 3)	As above. Risks are understood.	Medium

RISKS OF PROPOSED MODEL

Risk	Assessment	Mitigation	Residual Risk
Risk 4 – Loss of continuity of supply and carers if existing suppliers do not bid/ bid too high.	Medium Existing suppliers keen to retain customer base. Although might be attracted to other areas.	TUPE.	Low
Risk 5 – Suppliers offering a lower price will result in lower quality.	Medium	All suppliers be required to register with the CQC. Delivery against KPIs. Care Governance Board Existing quality in the borough.	Low
Risk 6 – Care staff not adequately paid.	Medium	Breakdown of fees including direct wage costs are included in the Pricing Schedule. New market entrants have lower overheads.	Low

CONCLUSION

Proposed model:

Takes account of market conditions

Best option for ensuring sufficiency of supply at competitive rates

Support new entrants to market and diversity of supply

Spreads risks

Time / resource efficient method of securing supply.

ANY QUESTIONS ?