

SLOUGH BOROUGH COUNCIL

REPORT TO: People Scrutiny Panel **DATE:** 31 March 2022

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PART I

FOR COMMENT & CONSIDERATION

RE-PROCUREMENT OF DOMICILIARY CARE CONTRACTS

1. **Purpose of Report**

To seek comment and consideration of the model agreed at Cabinet concerning the re-procurement of domiciliary care.

2. **Recommendation(s)/Proposed Action**

People Scrutiny Panel is requested to:

Comment upon and consider whether the recommended model ensures best value in securing a sufficiency of good quality supply of domiciliary care in the local area.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

3a. **Slough Wellbeing Strategy Priorities**

The provision of good quality domiciliary care enables individuals with assessed care and support needs to remain living at home, thus promoting independence and reducing the need for more expensive residential care.

Domiciliary care providers play an essential role within the health and social care system. Not only by delivering care to those who are assessed as requiring it, but also by enabling timely discharge from hospital, freeing up hospital bedspaces and getting people back home. It is essential that there are enough contracted providers in the local area to meet demand.

The Joint Strategic Needs Assessment, informing the Slough Wellbeing Strategy 2020-2025, contains the following data which is most relevant to the re-procurement of domiciliary care:

- a) 1% of Slough's population were in very bad health, and 3.5% in bad health. Healthy life expectancy at birth for males in Slough is 58.1 years, and for females is 59.8 years. The percentage of the population whose daily

activities were limited a lot is 6.1% and daily activities limited a little is 7.3%. (ONS Census 2011)

- b) The percentage of adults aged 18-64 years with a learning disability known to the local council who are recorded as living in their own home or with parents is 78.3% for females and 78.4% males.
- c) Life expectancy in Slough is less than the South east, and England, with males living on average to 78.4 years and females to 82.5 years of age.
- d) The disability-free life expectancy at birth for females is 61.1 years and for males 60.3 years. (ONS 2017-19)

The re-procurement of domiciliary care meets the following priority contained within the Health and Wellbeing Strategy:

Priority 2 – Integration (relating to Health and Social Care)

- a) To increase the proportion of people living independently at home, and decrease the proportion living in care homes.
- b) To reduce the amount of attendees and admissions to hospital, and the length of those stays.
- c) To reduce delayed transfers of care.

3b. **Five Year Plan Outcomes** (Compulsory Section)

The re-procurement of domiciliary care services will deliver against Outcome 2 and Outcome 5 of Slough's Five Year Plan.

- Outcome 2: Our people will be healthier and manage their own care needs.

Effective domiciliary care services support people to live in their own homes and to manage their long-term health conditions without the need to live in a care home or hospital settings.
- Outcome 5: Slough will attract, retain and grow businesses and investment to provide opportunities for our residents

By using the Dynamic Purchasing System, Slough has been able to attract new domiciliary care agencies into the area for the supply of services in Slough.

Domiciliary care services are locally provided services and registered agencies predominantly employ local residents to deliver the services.

4. **Other Implications**

(a) Financial

Homecare providers are legally required to pay care workers National Living Wage, and this is a rate that is subject to inflationary increments. The council has

budgeted an additional £2m for care purchasing (including Domiciliary Care) inflation in 2022/23.

As a demand led provision, Domiciliary Care expenditure will need to be monitored very closely to ensure sustainability within the budget envelope. The Adult Social Care transformation project initiatives to diverting demand at front door and ensuring competitive “target price” for care provisions should mitigate against any adverse budgetary effects.

(b) Risk Management

Risks associated with the re-procurement of domiciliary care contracts as recommended to Cabinet in March 2022 are considered in the table below.

Risk	Assessment of Risk	Mitigation	Residual Risk
Suppliers do not bid.	Medium Existing providers will be keen to retain their customer base and a number of new providers have registered on the Dynamic Purchasing System.	The Dynamic Purchasing System has been administered so that new entrants are able to register. A Prior Information Notice (PIN) notice will be issued directing interested parties to apply for registration on the DPS	Low
Suppliers bid at excessive and unaffordable hourly rates.	Medium / High The market is facing significant economic pressures. This includes increases in national insurance contributions, inflationary pressures and wage competition from other sectors.	The instructions to tender will include reference to the scoring mechanism in relation to the price evaluation. Information will also be included in relation to how service users will be allocated to providers i.e. according to an individual’s need, availability of staffing and price. Price will dictate the order of approach of suppliers, with the most cost effective approached first. Providers will in all likelihood be mindful of Adult Social Care Reforms and the Fair Cost of Exercise which will need to be undertaken this year. Approaches to inflationary uplifts will be included within tender documents.	Low / Medium

<p>Suppliers bid at rates which are higher than those currently. Placing a pressure on Adult Social Care budgets.</p>	<p>High</p> <p>The market is facing significant economic pressures. This includes increases in national insurance contributions, inflationary pressures and wage competition from other sectors.</p>	<p>The instructions to tender will include reference to the scoring mechanism in relation to the price evaluation.</p> <p>Information will also be included in relation to how service users will be allocated to providers i.e. according to an individual's need, availability of staffing and price.</p> <p>Price will dictate the order of approach of suppliers, with the most cost effective approached first.</p> <p>Providers will in all likelihood be mindful of Adult Social Care Reforms and the Fair Cost of Exercise which will need to be undertaken this year.</p> <p>Approaches to inflationary uplifts will be included within tender documents.</p> <p>There is likely to be a difference in how the market operates – between the tendering of Tranche 1 and Tranche 2 – particularly when the impact of the Adult Social Care Reforms and the Fair Cost of Care Exercises are known.</p>	<p>Medium</p>
<p>Loss of continuity of supply for service users if existing suppliers do not bid or bid at excessive price</p>	<p>Medium</p>	<p>All new packages of care will be set up with the most cost-effective organisation.</p> <p>TUP(E) will apply to any transfer of service from one provider to another. Service users whose packages of care are identified as potentially requiring transfer will receive a service review to determine whether their individual needs can be met by the new provider.</p>	<p>Low</p>
<p>Providers offering a</p>	<p>Medium</p>	<p>Providers will be required to be registered with the CQC</p>	<p>Low</p>

<p>lower price will result in a lower quality</p>		<p>who regulate activity.</p> <p>Each contract will contain a clear set of KPIs which will be monitored.</p> <p>Care providers are also monitored by the Quality Assurance and issues are discussed at the Care Governance Board with improvement plans being submitted to ensure that clear turnaround initiatives are implemented.</p> <p>There is facility to not place with providers who do not meet the appropriate quality standards.</p> <p>A suite of KPIs will be included within contracts and suppliers will be required to report against these.</p>	
<p>Care staff will not be adequately paid as providers seek to offer competitive prices.</p>	<p>Medium</p>	<p>There is competition in the market sector for staffing. This means that pay rates are competitively set.</p> <p>The lower fee rates are enabled by new entrants to market who have lower overheads during their start up. Most are family owned businesses with the owners directly managing the service.</p> <p>A breakdown of fees including direct wage costs are included in the Pricing Schedule at Tender. These are checked for viability at evaluation.</p>	<p>Low</p>

(c) Human Rights Act and Other Legal Implications

Domiciliary Care Services are provided in people's own homes and therefore where residents are living with members of their family the service supports the ability of individuals to have the right to family life.

Due to the nature of domiciliary care, there is always the possibility for care workers to be subject to Modern Day Slavery and therefore the Quality Assurance

team works closely with immigration and customs services to ensure any matters that are brought to the attention of the council are reported.

Any agency instances of poor practice in this area are reported through the Care Governance Board process and where appropriate embargos put in place and termination of contracts are considered through the Safeguarding Provider Concerns process.

(d) Equalities Impact Assessment

An Initial Equalities Impact Assessment has been undertaken and will be further developed through engagement with various groups and through workshops including the co-production network. Providers will be required to set out how they will meet equalities requirements through the tendering process. This includes meeting the diverse cultural and language needs within the borough and seeking to recruit sufficient male carers to meet demand.

(e) Workforce

There are no Council workforce implications.

In respect of the domiciliary care workforce, carers are paid at least a living wage and are also paid travel time.

Government has issued two rounds of Workforce Retention and Recruitment grants to local authorities. Slough received £349,004.00 (round 1) and £644,316.00 (round 2) with a requirement to spend these by 21st October 2021 and 31st March 2022. Providers have been allocated a proportion of grants which they have been able to spend on a number of initiatives in keeping with grant conditions. These have included: one off bonuses to staff, enhanced payments and meeting advertising costs for new recruits.

A Fair Cost of Care exercise will be undertaken over the new financial year. £162M has been made available to Local Authorities in 2022-23 in order to prepare markets for reform (including undertaking the Assessment), with a further £600M being made available in each of 2023-24 and 2024-25, to be funded through the Health and Social Care Levy. The Council has been allocated £348K in 2022-23 and is likely to receive £1m in each of 2023-24 and 2024-25.

Inflationary uplifts will also be awarded to providers up to a maximum of 3% upon submission of a full and sufficient business case.

5. **Supporting Information**

- 5.1 Domiciliary Care plays an essential role within the health and social care system. Care workers provide care and support to individuals with assessed needs within their own homes, to enable them to stay independent for longer. Domiciliary care providers enable people to return home after a hospital stay, thus ensuring that hospital discharge takes place on time and that individuals do not need to stay in hospital longer than necessary. Local authorities are required, under s5 of the Care Act 2014, to ensure a diverse and sustainable market to meet eligible assessed care needs including care at home for those who require it. This includes provision of directly commissioned care as well as provision for those in receipt of Direct Payments and self-funders.

- 5.2 The Council currently contracts 22 providers registered with the Care Quality Commission to deliver domiciliary care services within the borough. As at March 2022, 1 is rated outstanding by the Care Quality Commission, 19 are rated good, 1 is rated as requires improvement and 1 has not yet been rated. Contracts have been procured in three tranches by means of the Dynamic Purchasing System. This approach has been successful at maintaining a sufficiency and diversity of good quality supply secured at competitive prices.
- 5.3 Details concerning total packages of care, weighted average hourly price and total annual expenditure are set out in the table below.

Contract Expiry Date	Total packages of care	Weighted Average Hourly Price	Total annual expenditure
Tranche 1 July 2022	642	£18.21	£3.5m
Tranche 2 December 2022	386	£18.06	£1.6m
Tranche 3 Beyond 2022	443	£17.21	£1.7m
Totals	1471	£17.91	£6.8m

These give an indication of the annual costs which might be achieved through retendering. However prevailing market factors should also be noted. These include: workforce shortages, rises in national insurance and inflationary costs.

- 5.4 In considering the full range of procurement opportunities available to the Council in regard to the re-tendering of domiciliary care contracts, the following options were considered:

Procurement Strategic Approach	Consideration	Recommended
Option 1 Use of Suppliers engaged through mini-competition stage on the ASC Dynamic Purchasing System (DPS)	<p>The approach allows for regular refresh of the list of contracted suppliers at any time, as and when required, via advertisement of mini-competitions.</p> <p>New suppliers to the local market are engaged through application to join the DPS at any time with the knowledge that there will be opportunity to apply at mini-competition stage for supply contracts.</p> <p>Early engagement with suppliers successful on joining the DPS allows organisations to understand</p> <p>The DPS also allows a time</p>	<p>Yes.</p> <p>Offers time efficient and flexibility for refresh of suppliers for generic and specialist services.</p> <p>Maintains sufficiency of supply and new entrant competition in the market.</p>

Procurement Strategic Approach	Consideration	Recommended
	efficient process for specific specialist services to be procured.	
Option 2 One or Sole Supplier	<p>Whilst in theory there may be opportunities for economies of scale, there are increased overheads for supporting larger services leading to increased fee levels. The local market becomes uncompetitive. The provider is unlikely to be able to compete with other providers for workforce – as other providers outcompete in terms of wage payments. There are no suppliers present in the local market who would be capable of performing the role of sole supplier. Local authorities are moving away from this model due to the experience with supplier failures.</p>	<p>No.</p> <p>High risk of supply failure and lack of sufficiency of supply.</p> <p>Removes new entrant supplier competition in the market.</p>
Option 3 One Lead Supplier with subcontractors/consortia	<p>The home care market is highly competitive with individual providers competing for market share and for supply to other local authorities. The lead provider is unable to compete with the subcontractors for staffing and this leads to a service failure by the Lead supplier. Most often this requires further procurement to directly contract with alternative providers. Equally consortia arrangements are not sustainable due to the competing interests of the constituent parties.</p>	<p>No.</p> <p>High risk of supply failure and lack of sufficiency of supply.</p>
Option 4 Small Number of Suppliers – each with restricted geographical area of operation	<p>The referral and service demand patterns across the borough is not conducive for geographical areas of operation. On consultation with providers they have indicated that this is an operational option which is likely to fail. Workforce retention issues and</p>	<p>No.</p> <p>High risk of supply failure and lack of sufficiency of supply.</p>

Procurement Strategic Approach	Consideration	Recommended
	supplier failure is highly likely leading to supply failure and the need to re-procure.	
Option 5 Fixed Framework of larger number of providers	Experience within the borough has indicated that the number of viable providers reduces over the lifetime of the framework leading to shortage of supply. This results in the need to reopen the framework or purchase off framework. The length of time required for the procurement opportunity to be open is longer than alternative methods, lengthening the timescale for procurement and alternative supply. The opportunity for new more competitive suppliers to enter the framework is restricted and the likelihood of failed procurement exercise is heightened.	No. High risk of supply failure over time, with decreased ability to bring new entrants into the local market and maintain competition in the market. Supplier failure leading to lack of sufficiency of supply.
Option 6 Joint Procurement with other neighbouring local authorities/E Berkshire.	Neighbouring authorities have set their rates for current procurement of domiciliary care at a fixed hourly rate. Both areas have historically operated without using the DPS approach. One authority is now going to utilise a DPS approach after failure of a lead provider approach. Both areas have experienced sufficiency difficulties.	No – would not be beneficial. Rates can be pitched too low – so that providers do not bid. Or, too high so as not to generate sufficient competition.

Option 1 was considered the best option and recommended to Cabinet as it spreads risk and ensures best value in securing a sufficiency of supply of domiciliary care in the local area

6. Comments of Other Committees

A report concerning the re-procurement of domiciliary care contracts was considered at Cabinet on 21 March 2022. Cabinet agreed to the retendering of two tranches of domiciliary care contracts via the Council's dynamic purchasing system, on a three year basis with scope for two extensions of one year each.

Cabinet requested that quality considerations are factored into service specifications and the re-procurement process, including clear opportunities for service users and families to be able to provide feedback concerning quality.

Further reports seeking approval of contract award are scheduled to be presented to Cabinet in June 2022 for tranche 1 and November 2022 for tranche 2 contracts.

7. **Conclusion**

Further to consideration and comments provided by the People Scrutiny Panel, the People Strategy and Commissioning team will progress the re-procurement of domiciliary care in accordance with the timetable set out within the background paper. This will commence with the publication of a Prior Information Notice on 4 April 2022 and an Invitation to Tender and Mini Competition being posted on the dynamic purchasing system on 4 May 2022 for the first tranche of contracts.

Reports concerning contract award will be presented to Cabinet in June 2022 for tranche 1 contracts and November 22 for tranche 2 contracts.

8. **Appendix Attached**

'A' PowerPoint Presentation – Re-procurement of domiciliary care contracts.

9. **Background Papers**

'1' Report to Cabinet 21 March 2022 - Re-procurement of adult social care domiciliary care contracts