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**RESIDENTIAL FRAMEWORK AGREEMENT FOR DISABLED ADULTS**

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**Responsible Cabinet Member, Councillor Veronica Copeland,  
Adult Social Care and Housing Portfolio**

**Responsible Director, Murray Rose, Director of People**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To advise Cabinet of the procurement process and seek approval for the proposed strategy for the award of the contracts for residential provision for eligible adults.
2. To bring to the attention of Cabinet proposed changes from the current contract.

**Summary**

3. The Council currently has three overarching spot purchase contracts that it uses to commission residential care for disabled, working age adults. Those are for adults with a learning disability, adults with a physical and/or sensory impairment and adults with early on-set dementia and/or mental health problems.
4. The current contractual arrangements have worked successfully for the Council and the system overall is robust and effective. The services commissioned are well regulated both by the Care Quality Commission (CQC) and locally by the Councils' Services for People Commissioning and Contracting Team and as such offers security and allows choice. The Contracting Team meet with CQC on a bi-monthly basis where any concerns regarding Contractors are discussed.
5. The current contracts for adults with a learning disability and physical and sensory impairment end on 31 March 2014. The contract for adults with early on-set dementia and mental health problems ends on 30 September 2014.

**Recommendation**

6. It is recommended that :-
  - (a) Members approve the re-tendering of registered residential care through an approved procurement process, for the contract period 1 October 2014 to 30 October 2018 with an option to extend by up to a further two years.

- (b) Members approve a single Framework Agreement for all disabled adults who require registered residential care to meet their assessed needs.

## **Reasons**

7. The recommendations are supported by the following reasons :-

- (a) This is an essential service. The current contracts end in 2014, and cannot be extended. The contracts need to be brought in line with the wider drive to a more personalised model of support and reflect developments over the past three years in respect of delivering outcomes.
- (b) Combining the three contracts will achieve a more equal, transparent, and consistent Framework Agreement. Furthermore it will provide a more robust Framework Agreement that will ensure 'Value for Money' and stimulate the market to deliver on the personalisation agenda and to allow an opportunity for new Contractors to enter the local market.
- (c) It will also ensure that inequalities within the current residential market are addressed through improving access to the service (consistency of service available in which people who need it will be able to choose from), providing opportunities for a more diverse workforce and provision of a more flexible and responsive service.
- (d) The tender will ensure that the current contracts are up to date and are in line with the wider social care and health and wellbeing agenda.

**Murray Rose**  
**Director of People**

## **Background Papers**

No background papers were used in the preparation of this report.

Mark Humble: Extension 2856

S17 Crime and Disorder	There is no direct impact on S17 Crime and Disorder
Health and Well Being	The provision of residential accommodation ensures that peoples assessed social care needs can be met in a way that both meets their needs and is cost effective.
Carbon Impact	There are no carbon impact implications in this report
Diversity	Residential accommodation needs to be available that is able to meet the diverse needs of a range of individuals and is able to meet and support these individuals Human Rights.
Wards Affected	Not all Wards contain a residential care home, however people from all Wards will use the service.
Groups Affected	This will impact on a small number of working age adults whose needs are such that they require residential care.
Budget and Policy Framework	This falls within the Councils budget and policy framework.
Key Decision	This is a key decision.
Urgent Decision	This is not an Urgent decision
One Darlington: Perfectly Placed	The provision of residential care ensures that people are healthy and supported
Efficiency	An effective competitive framework will ensure that whenever residential care is required to meet an individuals needs it can be provided in the most cost effective way.

## SUMMARY REPORT

### Information and analysis

8. It was agreed as part of the Annual Procurement Plan in April 2012 that the procurement of residential care for disabled adults would be undertaken as a strategic procurement and in line with the Contract Procedure Rules this strategy is brought to Cabinet for approval.
9. The provision of residential care still remains a cost effective way of meeting an individual's assessed needs. Recently there has been a move away from institutional models of support to more community based models. However there are still some individuals for whom residential care meets their assessed need, their individual outcomes and is cost effective.
10. The Council currently has three separate spot purchase contracts that are used to commission residential care for disabled adults. These contracts are for people with a learning disability, people with a physical and or sensory impairment and people with a mental health problem. Two of these contracts are due to end on the 31 March 2014 and the third due to end on 30 September 2014. Residential care for older people is commissioned through an alternative contract.
11. Table 1 below sets out the Councils current position.

Table 1

<b>Group</b>	<b>Expenditure 2012/13</b>	<b>No. of Contracted placements in Darlington</b>	<b>No. of Out of Authority Contract Arrangements</b>	<b>Total</b>
Learning Disability	£2,700,000	14	25	39
Mental Health	£570,000	10	11	21
Physical and Sensory Impairment	£680,000	5	9	14

12. The bringing of these together into a single framework agreement will ensure consistency across adult social care.

### The current contracts

13. The current contracts have been in their present form for sometime and set out clear expectations from Contractors. All contracts set a price with the opportunity to add additional hours should they be required. However there have been some national policy changes recently that will be reflected in the revised specification, these include an even greater focus on personalised support and the increasing focus on delivering individual and organisational outcomes.

14. This procurement will involve the development of a single specification that includes a range of individual and service outcomes that have been co produced with key stakeholders.

### **Proposed new contract**

15. The Framework Agreement will commence on 1 October 2014 and will run for 4 years with an option to extend for a further two 12 month periods.
16. A one stage process is proposed.
17. Tenders will be evaluated by two development and commissioning managers, a procurement officer, an operational lead and a contracts officer.
18. Six (6) weeks have been allowed for the evaluation period. The evaluation criteria will cover a number of areas such as:
  - (a) Health and safety
  - (b) Equality and diversity
  - (c) Aims and objectives of the service
  - (d) Quality assurance
  - (e) Complaints
  - (f) Safeguarding
  - (g) Personalisation
  - (h) Ability to meet outcomes
  - (i) Risk assessment
  - (j) Workforce development
  - (k) Business continuity plan
19. Successful Contractors will be appointed onto a Framework Agreement on a spot purchase basis in line with procurement rules. The Framework Agreement will enable the Council to contract with a wide range of Contractors without any obligation to purchase a service. Tenderers will be required to demonstrate within the procurement process and methodology statements that they offer quality and value for money. The methodology statements will set out key outcomes and these will form part of the contract and monitoring process.
20. Procurement will be undertaken through three individual lots, learning disability, physical and sensory impairment and mental health.
21. Each lot will comprise of four price bands. Each band will set out a range of support needs. Contractors will be asked to submit a price for each band of need.
22. The procurement will look to secure Contractors within a 30 mile radius of Darlington, in line with supporting people closer to home.
23. The contract will be procured on the basis of 60% quality and 40% price. Successful Contractors to the Framework will have achieved a score of at least 60% in relation to quality.

24. Each Lot will limit the number of successful Contractors. It is proposed to have 15 for people with a learning disability and 10 each for mental health and physical and sensory impairment.
25. Limiting the number of Contractors will ensure a level of competition and secure best value.
26. The “call off” recommendation from the framework for those not expressing a particular choice will be based on price. A placement will be recommended to an Individual. The Individual will be free to accept this or request the next one on the list.
27. A pen picture of an individual with an indicative support band will be shared with Contractors. They will then be asked to confirm availability and to submit a price which can be below but not above their original tender. This will further assist in ensuring best value.
28. For those Individuals who at times need additional one to one support over and above that provided through the banded system. Contractors will be asked to submit an hourly rate as part of the tender process. The Council will set a ceiling rate on this which is based on a living wage calculation. Any agreement to fund additional support will be time limited up to 6 weeks.
29. For those individuals whose needs can not be met through the Framework agreement an alternative procurement route exists through individual commissioning through the North East Procurement Organisation (NEPO).
30. The results of the procurement exercise will be referred to Cabinet for consideration.
31. The timetable for procurement is set out below

This timetable is indicative only. The Council reserves the right to change it at its discretion.

<b>Stage</b>	<b>Date(s)/time</b>
Issue of Invitation to Tender	Monday 10 March 2014
Submission of Tenders	12:00 noon on Friday 11 April 2014 (advertised for 4 weeks)
Evaluation of Tenders	Friday 11 April 2014 to Friday 23 May 2014 (6 weeks)
Notification of result of evaluation	15 days after July Cabinet
Expected date of award of Contract(s)	3 August 2014
Contract commencement	1 October 2014

32. A summary of advantages and disadvantages of this form of contract are:

#### Advantages

- (a) The Council will pay for the services as and when they are “called off” from the Framework Agreement, therefore a low financial risk to the Council.
- (b) The quality of service provision will be driven up as Contractors will need to demonstrate good quality in order to be awarded a place on the Framework.
- (c) Care managers/Individuals will have a number of Contractors available from the Framework to meet identified need. “Call off” criteria will reduce time and energy spent identifying and negotiating price as with the current process and result in a “Leaner” more efficient process.
- (d) A focus on meeting individual outcomes rather than service outputs will support people to have the support that is more person centred and individualised.

#### Disadvantages

- (a) Contractors will have no guarantee of work and may not wish to tender.
- (b) There is the potential that individuals living in the same service may be paid for at different rates.
- (c) Existing Contractors may not obtain a place on the Framework Agreement

#### Existing contracts

- 33. There is a risk that existing Contractors may not tender for the framework agreement or meet the threshold for inclusion. Should this happen, there would be no requirement that individuals move to an alternative Contractor on the framework. Most of the existing residential placements are longstanding and people consider where they live as their home. Should this occur individual discussions will take place with Contractors and individual arrangements put in place.
- 34. Some Contractors will currently be paid at a rate that is lower than the proposed contracted rates, some will be paid higher. It is proposed that the new contracted rates apply to new placements only. Contractors will be asked to agree the new specification and individual negotiations will take place to agree costs.

#### Equalities considerations

- 35. The outcomes within the service specification were developed in consultation with people with a learning disability. This was undertaken through discussions with the Peoples Parliament, through the Learning Disability Network and a focus group with a small group of people living in residential care.
- 36. An officers’ Equality Impact Assessment has been completed. This assessment identified no significant individual impacts.

## **Financial implications**

37. There are no direct financial implications from this procurement. The existing placements will continue to be paid at the current rate and as a consequence will not result in a financial pressure. The Framework will ensure that any future placements are subject to a competitive process that looks to ensure best value. Framework will be made up of three Lots learning disability, physical and sensory impairment and mental health with each lot split into four bands. Each band will set out the level of need to be provided with an upper price limit, Tenderers will be asked to submit a price for each band that is not above the upper limit

## **Efficiencies**

38. The revised contract in itself will not deliver immediate efficiencies, however moving forward the Agreement will look to ensure future placements are secured through an agreed value for money process.

## **Legal implications**

39. The proposed procurement strategy and Framework Agreement for the provision of residential care to disabled adults complies with the requirements of the Council's Contract Procedure Rules and the Public Contract Regulations 2006.
40. The provisions of the National Assistance Act 1948 (Choice of Accommodation) Directions 1992 ("The Directions") will apply where following an assessment of need the Council determines that residential accommodation will meet the individuals assessed social care needs. Where a placement is required and an individual expresses a preference for a particular accommodation then the Council must arrange for care in that accommodation, provided that the provisions set out in The Directions are met.
41. The proposed Framework Agreement and call off procedure takes into consideration individual choice. Individuals may however wish to exercise their right of choice outside of the framework Contractors. Such placements will be made on an individual basis and made in accordance with the Council's Contract Procedure Rules and any applicable legislation.