



## Report to Leader (Health and Wellbeing portfolio)

<b>Decision Date:</b>	28 February 2023
<b>Reference number:</b>	HW02.23
<b>Title:</b>	<b>Home Care Procurement Vehicle</b>
<b>Cabinet Member(s):</b>	Councillor Angela Macpherson, Deputy Leader and Cabinet Member for Health and Wellbeing
<b>Contact officer:</b>	Erica Taylor, Specialist Commissioning Manager
<b>Ward(s) affected:</b>	All Wards

### **Recommendations:**

#### **The Leader is asked to:**

- **To approve the decision to go out to tender for the Home Care Dynamic Purchasing Vehicle (DPV) on a 3 + 2 + 1 year contract.**
- **To delegate the decision to award contracts to successful providers to the appropriate authorised officers in accordance with the financial scheme of delegation, on the initial and any subsequent evaluations of bids for the DPV.**
- **To delegate the decision to invite new providers to bid and bring additional capacity onto the DPV, at appropriate points throughout the lifetime of the contract, to lead officers within the Integrated Commissioning team.**

#### **Reason for decision:**

To ensure the Council provides services and supports market development in line with its statutory obligations under the Care Act 2014.

## **1. Executive summary**

- 1.1 This paper seeks approval to procure Home Care Services through a Dynamic Purchasing Vehicle (DPV). DPVs are a form of contractual arrangement that enable the council to set out terms relating to price and quality.

- 1.2 The development of the DPV is a two-stage process:
- Stage 1: An initial tender process will identify providers who meet the minimum quality threshold to be accepted and issued a contract.
  - Stage 2: Individual placements are sourced from providers who have been accepted onto the DPV, through mini competitions.
- 1.3 The DPV can be opened and closed throughout its lifetime to bring new or additional capacity onto the DPV.
- 1.4 The Home Care DPV has been designed to meet current and future needs of people requiring care and support at home. It will replace the Council's existing block and spot contracting arrangements.
- 1.5 The DPV will become the primary mechanism for sourcing home care packages for local authority funded clients aged 18 and above. It does not propose to change the model of care delivery being provided and will not negatively impact residents.
- 1.6 The DPV offers several benefits, including greater market management and oversight, stability of pricing and improved forecasting; and improved quality, with a clear and consistent approach to quality monitoring.
- 1.7 The DPV will also incorporate the commissioning of NHS Continuing Healthcare (CHC) funded packages (for standard home care only); and NHS funded hospital discharge home care packages. These packages are already sourced by the Council but funded by the NHS under integrated commissioning arrangements. The DPV provides an opportunity for these integrated arrangements to continue which will bring benefits for the Council, our NHS partners, care providers and service users. There are clear governance arrangements in place for integrated commissioning and these will be refreshed through the creation of new Section 75 agreements between the Council and the NHS setting out the roles and responsibilities of each party.
- 1.8 Complex CHC packages are excluded from the DPV and will be sourced separately via Buckinghamshire, Oxfordshire and Berkshire West Integrated Care Board (BOB ICB).

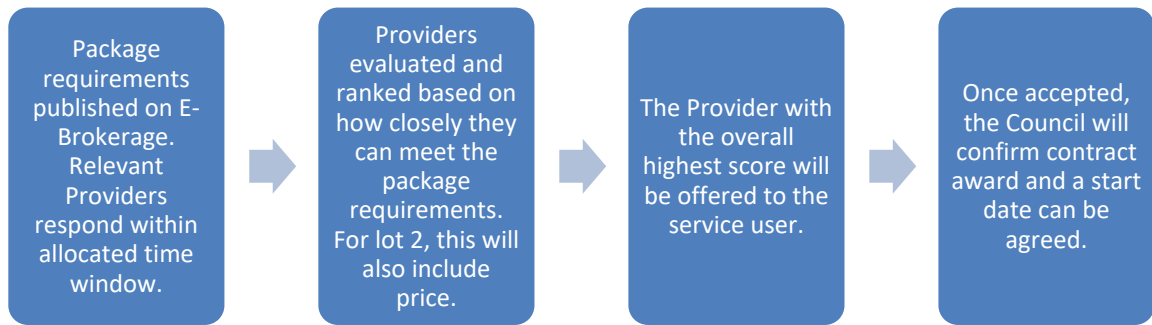
## **2. Background**

- 2.1 Developing a Dynamic Purchasing Vehicle (DPV) for home care provision is in line with the Council's intention to put in place new procurement arrangements for a range of care and support services for adults. The first procurement vehicle for Supported Living was developed throughout 2021 and is now live. Learning from this procurement vehicle has fed in and influenced the development of the current DPV.
- 2.2 This approach provides the opportunity to realise several benefits:

- **Improved financial transparency and oversight** – harmonisation and stabilisation of pricing through clearer expectations around pricing levels, with greater ability to forecast spend.
- **Improved quality** – by using a minimum quality threshold to be accepted onto the DPV, setting out a clear outcomes framework and consistent approach to quality monitoring.
- **Better outcomes for service users** – creating an integrated framework which incorporates other pathways e.g., hospital discharge, will help facilitate seamless journeys for service users who move across pathways.
- **Improved market management and development** – more comprehensive oversight of supply and demand for services across different population groups and geographical locations which will support market shaping.
- **Time and efficiency gains** – through streamlined and aligned processes for purchasing on behalf of the Council and Buckinghamshire, Oxfordshire and Berkshire West (BOB) Integrated Commissioning Board (ICB).

### 3. Development of a Home Care Dynamic Purchasing Vehicle

- 3.1 The proposed procurement strategy for home care services is a Dynamic Purchasing Vehicle (DPV). This is a form of procurement framework that can be opened and closed at selected intervals to enable new providers to be added. The DPV uses the Light Touch Regime Regulations to tailor the process to suit the specific requirements for home care provision. It enables greater flexibility than other procurement mechanisms and better management of commissioning capacity. The full options appraisal can be found in Appendix One and other options considered outlined in Section Six.
- 3.2 A two-stage process will be used, and a proposed timetable is outlined in Section Five of this paper. In order to progress to Stage 2, organisations must pass Stage 1.
- 3.3 **Stage 1 – Tender process to identify providers to be accepted onto the DPV** – a tender will be published on the Buckinghamshire Business Portal inviting potential providers to bid to join the DPV. Providers will need to score above the minimum quality threshold and meet all the mandatory requirements to be accepted and commence a contract.
- 3.4 **Stage 2 – Mini competitions for the sourcing of packages of care.** Once launched, the Council will utilise the e-sourcing system E-Brokerage to commission packages of care. Relevant DPV providers will be invited to bid for packages according to the criteria required for the mini competition. The process is outlined below:



3.5 Placements will be offered to service users in line with the Council’s Charging Policy for Non-Residential Services (March 2022) and Continuing Healthcare Equity and Choice Policy (December 2019) and any subsequent iterations.

## 4. Lotting structure

4.1 The DPV will be composed of two lots as outlined:

- 1) **Lot 1 – Standard Home Care** – The specification will outline a list of care and support tasks that are expected to be delivered as ‘standard’ by home care providers. Service users who require care and support aligned to this will have their packages sourced through lot 1.
- 2) **Lot 2 – Complex/Bespoke Home Care** – this lot will be used for packages that require care and support above and beyond that considered standard. This may be due to complexities relating to behaviours that challenge, co-morbidities, risk, need or health-related elements that require care to be delivered by a registered health care professional.

4.2 It should be noted that all providers are expected to adopt a strengths-based, ‘supporting-to’ rather than ‘doing-for’ approach to care delivery aligned to the service user’s care plan.

4.3 **Health funded packages** – The development of the Home Care DPV afforded the opportunity for health funded packages to be considered and sourced in an integrated way. The Council currently commissions health funded packages on behalf of the ICB but through disjointed arrangements on a spot contract basis to the same group of providers.

4.4 Through exploration of the most appropriate options for both the ICB and the Council, the following integration of health funded packages is proposed:

- 1) **NHS funded Continuing Healthcare (CHC) packages** – Integration of these packages into Lot 1 – Standard Home Care. Complex CHC packages will be excluded from the DPV and will be sourced separately via BOB ICB.

- 2) **NHS funded hospital discharge packages** – Hospital discharge packages delivered by home care providers will be fully integrated into the DPV across both lots. This means that any service user discharged from hospital into home care on a temporary basis may be able to remain with the same provider if they have longer term care needs and this is their preference.

4.5 **Geographical considerations** – As Buckinghamshire is a large county, a zoning approach will be applied to lot 1 only, to streamline the number of providers who receive each referral to bid on at stage 2. Providers do not typically provide care across the whole county and this approach will prevent them receiving referrals in areas where they are not set up to deliver. At tender stage, providers bidding for lot 1 will be asked to specify which out of 16 areas they wish to receive referrals for, should they be accepted onto the DPV. The existing Buckinghamshire Community Boards are to be used as the defining areas. Providers will be able to change these areas during their contract through discussion with their contract manager. The Council will also be able to use this zoning approach to monitor any gaps in provision and work with providers on the DPV to increase capacity in these areas.

4.6 As there are far fewer complex referrals and providers may cover larger geographical areas, this streamlining approach will not apply to lot 2.

4.7 **Price** – A fixed price, set by the Council (and agreed by BOB ICB for health packages) will be in place for lot 1. There will be several different rates including:

- 1) 15-minute, 30-minute, 45-minute and 60-minute visit rates for day time care. Pricing for calls under 60 minutes will take into account the additional costs involved with shorter visits.
- 2) Waking nights rate (aligned to the 60-minute rate).
- 3) Live-in care rate (three rates – with, and without, a mandatory carer’s break, plus a separate ‘break only’ rate).

4.8 **Rural supplement** – Buckinghamshire has areas of considerable rurality where it can be challenging to source care due to the additional time it takes to travel between placements and lower frequency of referrals in these areas. As a result, a fixed price rural supplement is to be applied to any package within lot 1 (excluding live in packages) that is located within a series of identified post codes, representing approximately 12% of the county. This will not apply to lot 2, as it is expected that providers will consider the location of the placement and any challenges this may present as part of their pricing proposal.

4.9 A summary of the lotting structure is provided below:

Component	Standard Lot	Complex/Bespoke Lot
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Funder	Council commissioned home care packages Packages funded under NHS Continuing Healthcare NHS funded hospital discharge packages	Council commissioned home care packages NHS funded hospital discharge packages
Price strategy	Fixed price, set by Council/ICB	Priced individually at mini competition stage by providers and subject to price evaluation
Day time care packages	15/30/45/60+ mins up to four visits a day; double or single handed	15/30/45/60+ mins; any number of visits per day; double or single handed
Night time care packages	Waking nights (short-term/temporary only)	Sleeping & waking nights
Live in care packages	Non-complex (where appropriate)	Complex (where appropriate)
Geographical considerations	Zoning to streamline referrals sent to providers Fixed price rural supplement per visit (excluding live in)	None – all providers accepted onto the DPV for this lot will be able to bid for packages

## 5. Timeline and Interdependencies

- 5.1 The proposed timeline for the DPV is outlined below. Please note that the evaluation and subsequent stages following this are dependent on the number of submissions received and are subject to change.

Stage	Timeline
Tender Published	Feb/March 2023
Deadline of Receipt for applications to join the DPV	April/May 2023
DPV evaluation process	April/May – September 2023
Evaluation sign off	Autumn 2023
Outcome letters issues to providers	Autumn 2023
Mobilisation	Autumn/Winter 2023

Go live with stage 2. DPV becomes primary sourcing mechanism.	Early 2024
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- 5.2 As part of the launch of the DPV there are some areas of interdependency with other workstreams:
- 5.3 **New Invoicing Process** – A new electronic invoicing process is planned for home care through an online Provider Portal. This relies on the appropriate functions being designed, developed, and implemented. This work has been designed to align to the DPV timeline to minimise any impact. This system will only apply to Council funded packages, with health funded packages invoiced separately through the existing process. There will be the opportunity to integrate health invoicing into the Provider Portal during the lifetime of the contract if desired.
- 5.4 **Development of E-Brokerage** – The stage 2 mini competitions will be conducted through a system called E-Brokerage. This is dependent on the E-Brokerage system being designed and developed for use for home care referrals. Work has been carried out to ensure this can be delivered within the required timeframe, including allowing sufficient time for training to take place during the mobilisation period.
- 5.5 In both cases these systems are currently used by the Council, but their functionality needs to be expanded to support delivery of the DPV.
- 5.6 **Mobilisation** – Between the completion of stage 1 and stage 2 of the process, there will be approximately a three-month mobilisation period. In addition to signing of contracts, this is to enable training to take place on the new systems that are being introduced as part of the launch of the DPV.

## 6. Other options considered

- 6.1 The following alternative procurement options were considered. The full options appraisal can be found in Appendix One.
- 6.2 **Tender for a Framework Agreement** – This would have been a closed arrangement with no new providers able to be added to the framework during the lifetime of the contract. Given the current market challenges and ambition to diversify but stabilise the market, a framework was considered too restrictive at this current time.
- 6.3 **Set up a Dynamic Purchasing System (DPS)** – Conversely to a framework, a DPS remains open, enabling new providers to bid and be added to the DPS at any time. This is extremely resource intensive as it relies on there being capacity to continuously review submissions as they come in and contract manage a high number of providers.

6.4 **Procure each service or individual placement via block or spot contracts** – This is the current contractual arrangement. There has been decreased reliance on the block providers, particularly since the pandemic and spot contracting is both very resource intensive and provides poor value for money with no overall agreed vision for home care delivery across the county.

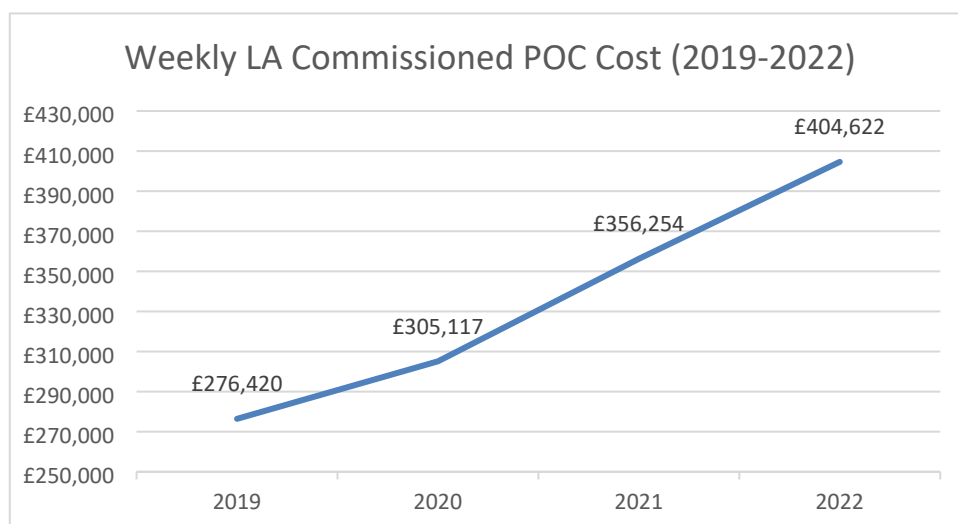
## 7. Legal and financial implications

7.1 Legal and finance representation are in place through the Procurement Vehicle Project Group and Board set up as part of governance for the development of the DPVs. Where necessary, advice from specific legal experts has been sought, for example around TUPE, direct award and data protection.

7.2 **Contract Segmentation** – The Council segments all contracts according to value and criticality. The DPV itself does not have a segmentation level as it is setting up a mechanism to procure care via several providers. Each individual provider will be categorised depending on the level of spend.

7.3 The DPV is a competitive tender process utilising the Light Touch Regime of the Procurement Contract Regulations.

7.4 **Budget** – The DPV is being implemented at a time of increasing demand and rising costs. Between May 2019 and May 2022 there was a 22% increase in the number of clients, a 64% increase in the number of hours commissioned and a 46% increase in total weekly cost. The estimated spend for the current financial year is approximately £29 million across all home care commissioned on behalf of the Council and ICB (Adult Social Care, CHC, Home First – hospital discharge). The figure below illustrates this increase year on year in adult social care:



7.5 The table below shows how the demand for home care can be volatile. Notably, the steep increase for 21/22 reflects the pressures being seen in the home care market.



Home Care	Starters	Leavers	Net Change
2018/19	662	696	-34
2019/20	725	665	60
2020/21	796	812	-16
2021/22	780	665	115

- 7.6 In addition, the current economic and market challenges means that providers are requesting increasingly higher prices when packages are being commissioned through the spot market, whilst the Council has taken an approach to apply two bottom of the market uplifts in recent months to support for providers currently on lower rates and level out prices.
- 7.7 As a result, the pricing and budget for the DPV has been carefully considered. At each stage of the DPV development, the available financial options have been considered to ensure that the Council can seek the best value for money whilst ensuring it supports the Council’s ambition as outlined in its Better Lives Strategy<sup>1</sup> to enable individuals to live independently at home for longer.
- 7.8 Whilst there are no anticipated savings from the DPV given the backdrop of increasing demand and rising prices, through setting expectations around price, the DPV offers a more stable pricing approach for home care and improved ability to forecast spend.
- 7.9 **Payment mechanism** – The available payment mechanisms for home care have been fully explored, with options ranging from paying fully based on commissioned hours to paying minute-by-minute using providers’ electronic call monitoring data. Following a review of options, a model based on paying ‘adjusted planned’ will be used. This means providers will be paid based on commissioned hours that are adjusted for a series of clearly defined reasons, such as cancelled visits, hospital stays and where care cannot be delivered. This option presented the Council with the optimum balance of value for money versus provider appeal, reducing the risk of providers not bidding to join the DPV because of an unsustainable pricing and payment approach being set.
- 7.10 **Price** – The proposed rates and additional costs linked to the introduction of the DPV have been managed through the fee uplift and budget setting process for 2023-24 and associated Key Decision paper. Modelling of the pricing options has been

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<sup>1</sup> [Better Lives strategy 2022-2025 KfEE783.pdf \(buckinghamshire-gov-uk.s3.amazonaws.com\)](https://www.buckinghamshire.gov.uk/s3.amazonaws.com/Better_Lives_strategy_2022-2025_KfEE783.pdf)

undertaken to ensure sufficient budget is available to deliver our proposed approach.

- 7.11 Approval of this Key Decision paper is therefore subject to approval of the aforementioned paper, due in February 2023, and the tender will not be able to be published prior to this.
- 7.12 Detail on the pricing structure is outlined in Section Four.
- 7.13 **Section 75 agreement** – In order for health funded packages to be incorporated into the DPV as outlined earlier, under a single contractual arrangement, a Section 75 agreement will be required to be in place between BOB ICB and the Council. This will confirm the functions that are being delegated, including contract monitoring arrangements and provide clarification on what is funded by each Party.

## 8. Corporate implications

- 8.1 The Home Care DPV supports the Council's corporate priority to "protect the vulnerable." The DPV will support our older residents, those living with disabilities, and those who are socially isolated, to live healthy, independent, and fulfilling lives and to receive the right support at the right time.
- 8.2 **Equality** – An Equality Impact Assessment (EqIA) has been completed and did not identify any issues.
- 8.3 **Data** – There is no data sharing as part of the procurement process. Data sharing comes at stage two when individual packages of care are sourced. A Data Protection Impact Assessment (DPIA) has been completed, with the support of Legal, to ensure all elements have been considered, including controller/processor provisions, data storage, retention, and redaction.
- 8.4 **Value for money** – The Home Care DPV seeks to secure value for money through offering a more streamlined pricing model, which in turn gives greater financial forecasting and transparency. It seeks to give the Council better control over the prices compared to continuing with a significant spot market.
- 8.5 **Climate change** – The tender documentation will include an assessed question asking providers how they demonstrate social value within Buckinghamshire, including the Council's ambition to become net-zero for carbon emissions by 2050.
- 8.6 There are no property or HR implications.

## 9. Local councillors & Community Boards consultation & views

- 9.1 The Deputy Leader and Cabinet Member for Health and Wellbeing has been kept up to date with progress as the Home Care DPV has been developed through briefings and reports to the Council's Adults and Health Board. Whilst the development of the

DPV will bring about a new procurement mechanism for sourcing home care, it does not intend to change in any significant way how home care is provided to service users within the county.

## 10. Communication, engagement & further consultation

- 10.1 The Home Care DPV Project Group which has led on the development of the DPV includes representatives from Commissioning, Health, Adult Social Care Operations, Finance, Legal, Procurement and Quality, Systems and Performance (QSP) teams.
- 10.2 A working communications plan has been in place throughout the development of the DPV and will continue during procurement and mobilisation of the new contract.
- 10.3 There have been several elements of engagement with both providers and wider stakeholders:
- 10.4 **Providers** – A Request For Information (RFI) was published in April 2022 seeking initial views from potential providers on the model and approach to be taken. This has been supported by several virtual and face-to-face engagement events as the DPV has been developed. Positive feedback has been received from providers regarding the level of engagement taking place.
- 10.5 **Wider stakeholders** – Engagement has taken place with wider stakeholders on specific elements of the DPV as it has been developed. This has included Health partners, Adult Social Care Operations, Exchequer Services, Oxford Computing Consultants (OCC) who host our E-Brokerage and Provider Portal, and QSP teams.
- 10.6 **Other Local authorities** – Benchmarking and learning from other local authorities, has taken place throughout the development of the DPV to inform the model taken through a combination of forums and one to one conversations.
- 10.7 **Service users** – The Home Care DPV is largely to support the commissioning of new packages of care and therefore doesn't directly impact existing service users. However, if the recommendation to go out to tender is approved, any existing service users will be communicated with to ensure they are aware of the Council's new approach and inform them of any impact it may have should their care provision need to be sourced through the DPV in future.

## 11. Summary of recommendations

- 11.1 **To approve** the decision to go out to tender for the Home Care Dynamic Purchasing Vehicle (DPV) on a 3 + 2 + 1 year contract.

- 11.2 This is subject to approval of the Fee uplift and Budget setting Leader Decision paper due for approval in February 2023, which outlines the detailed price proposals for the Home Care DPV, and approval of the budget required to deliver it.
- 11.3 **To delegate** the decision to award contracts to successful providers to the appropriate authorised officers in accordance with the financial scheme of delegation, on the initial and any subsequent evaluations of bids for the DPV.
- 11.4 **To delegate** the decision to invite new providers to bid and bring additional capacity onto the DPV, at appropriate points throughout the lifetime of the contract, to lead officers within the Integrated Commissioning team.

## **12. Next steps and review**

- 12.1 If the recommended option is agreed, the next steps will be to go out to tender for DPV providers to the timeline outlined in Section Five.
- 12.2 Sign off of the required ITT documents will be via the Procurement Vehicle Project Board, consisting of senior representatives from Integrated Commissioning, Adult Social Care Operations, Procurement, Finance and BOB ICB.

## **13. Background papers**

- 13.1 None

## **14. Your questions and views (for key decisions)**

- 14.1 If you have any questions about the matters contained in this report, please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by email to [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk).

