

Strategic Procurement

CHECKPOINT REPORT 2: CONTRACT AWARD AND IMPLEMENTATION

This form is to ascertain that the requisite steps have been undertaken prior to contract award. This form applies to all procurements of goods and services above the EU Threshold (£181,302) and for works above £500,000 in value.

1. CONTRACT TITLE AND KEY PEOPLE							
Complete this section if this is the first checkpoint you have undertaken for this procurement. If you have already completed a Checkpoint 1, copy and paste the information from there to here and then go on to complete the rest of this document.							
Contract Title		Shared Lives Services					
capitalEsourcing Reference		prj_OSH_10911			Report Date		16/10/2018
Tender Manager		Directorate		Buyer Assigned			
Samantha Eady, Commissioner and Project Manager, Joint Commissioning Unit		Chief Operating Officer		Mike Parrot t		Senior Category Specialist	
Value of Contract		Targeted Financial Savings			Bankable Savings		
1 year: £109,388.00 3 years: £404,245.50 5 years (2 years' extension period): £762,577.84 <i>(Figures based on anticipated spot purchasing spend, factoring current placements and projected growth over contractual period)</i>							
Is budget available to proceed with this procurement?		Yes – multiple	*Please enter the budget code	A32005 (Learning Disabilities) A31885 (Physical Support)	If yes, is this a Revenue or Capital allocation?	Revenue	Procurement to be Approved by? Including date
							Director of Adult Social Care
Proposed Contract Start date		Proposed Contract End date		Is there an option to extend the contract?		If yes, give duration of extension option	
04/02/2019		04/02/2022		Yes		2 years	
Procurement route undertaken		Have you or your team received training on capitalEsourcing?		**Is there a current contract in place?		If yes, insert expiry date	
Open		Yes		Yes		31/08/2017	
Please state the Quality/Price threshold		Does TUPE apply to this exercise?		Have you considered Collaborative Working?		Have you used an eAuction or DPS?	
30% Quality / 70% Price		Yes		Yes		No	
Checkpoint 2 Summary							
This checkpoint report is seeking approval to award the contract for the provision of Shared Lives services to Better Together following completion of an open tender exercise and evaluation of bids via capitalEsourcing.							

CHECKPOINT PANEL RESPONSE	
Date of Checkpoint Panel	24/10/2018
Panel Members present	Anthony Robb – John, Liz Dixon, Phil Harris, Amina Khaton, Hassan Iqbal, Ali Najjar, Connie Lips, Christie Fasunloye, Vanya Alexander
1. CONTRACT TITLE AND KEY PEOPLE	
Title: Shared Lives Services Key People: Gerry Flanagan, Mike Parrott	
2. PROJECT DEVELOPMENTS	
No major changes since checkpoint 1 report was submitted.	
3. COMPLIANCE	
4. TENDERING PROCESS	
Open procedure	
5. FINANCIAL: BUSINESS CASE & BENEFITS REALISATION	
John Green currently liaising with Falil from Finance to discuss finance queries	
6. CONTRACTING INITIATION & READINESS FOR SERVICE	
Arrangements are in place for the contract to be ready for commencement	
7. PERFORMANCE MANAGEMENT	
Once the contract is awarded, a mobilisation plan will be agreed in conjunction with key stakeholders including the contract manager from the Joint Commissioning Unit, the provider and operational staff.	
8. ACHIEVABILITY	
Achievable in timescales	
CHECKPOINT PANEL OVERALL RECOMMENDATION	
The panel made the following comments/recommendations;	
<ul style="list-style-type: none"> • Have a rollout period to address issues discussed, such as how we will educate families and achieve savings for the authority • Mobilisation – suggest the supplier holds a forum to educate families • Gerry to send updated report removing ‘captured within MTFS’ – this shouldn’t be worded like this as this is a cost avoidance • This should come to Checkpoint 3 in 6/9 months after the go live date • John Green currently liaising with Falil from Finance to discuss finance queries 	
Procurement to proceed to award contract?	Yes
Red, Amber or Green Status?	Green
Required to attend Checkpoint 3?	<i>Panel insert Yes / No here</i>

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2. PROJECT DEVELOPMENTS

Complete this section if you have already completed a Checkpoint 1. If this is the first checkpoint you have completed, go on to section 3.

2.1 Changes since Checkpoint 1 report

Describe any changes to the risk analysis, market analysis, or any other major changes since Checkpoint 1.

No major changes since checkpoint 1 report was submitted.

2.2. Checkpoint 1 recommendations from panel

Detail below any Panel recommendations made at Checkpoint 1 and describe actions taken as a result of those recommendations

The panel made the following comments/ recommendation;

- Contract start date (on page 5) is a typo – should read 2019 not 2018 – **amended**
- Identify savings (estimated) for CP2 once bids have been received – **captured within MTFS**
- Engage with the Finance Business Partner – **engaged**
- Savings captured in MTFS – should be captured in the report – **captured within MTFS**
- Check TUPE implications – **checked, TUPE will apply to one individual**

3. COMPLIANCE

3.1 Existing Contract

Is there a current contract in place?	Yes
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If there is a current contract or service in place go on to complete all the questions in this section. If this is the first time these goods or services are being procured, go on to section 3.2

Has the contract expiry date been extended?	No
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If extended, give details of date of extension	N/A	N/A
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Has permission been sought to extend the contract?	N/A
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If yes, give details of Committee who granted extension	N/A
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3.2 Are all procurement documents stored on Capital eSourcing?	Yes
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3.3 Is there any form of commitment in place i.e. purchase order, letter of acceptance?

Yes. A signed contract will be required to be received.

3.4 Are there any other approvals needed (e.g. Contract award approval through a general or specific Officer delegation(s))?

Yes. A key executive decision will be required.

4. TENDERING PROCESS

4.1 Tender Submissions

Did you receive sufficient Tenders for effective competition? Was quality of bids

satisfactory overall? Was there effective competition?
<i>18 expressions of interests were received regarding the tender. 11 clarification questions were asked. Two bids were received for the tender.</i>
4.2 Tender Evaluation
Briefly describe the tender evaluation process undertaken, providing the evaluation model for both cost and quality. Have any issues arisen during the evaluation, debrief or Alcatel (if applicable)? Please describe any constraints which prevented you from getting maximum value for money out of this contract.
<i>The tender was evaluated by an evaluation panel made up of two representatives from the Joint Commissioning Unit and two representatives from frontline services; the Community Learning Disability Team and NELFT Mental Health Services.</i>
<i>The tender was evaluated under 70% cost and 30% quality.</i>
<i>The tender was formed of a qualification envelope, technical envelope and commercial envelope.</i>
<i>The technical envelope consisted of 4 questions and 1 scenario; meaning there were 5 responses in total required.</i>
<i>Better Together got a total of 91.6% (made up of 100% of the points for price [= 70], plus 21.6 out of 30 for quality).</i>
<i>Metropolitan's quality score was 11.93 out of 30. They couldn't be scored on price as they did not provide a completed pricing schedule. A message was sent through the Capital E-Sourcing portal requesting this information but there was no response.</i>
<i>There was some variances between evaluators but they were not asked to review any marks as it would not have made any difference to the result on this occasion. Each evaluator was consistent in their approach.</i>
4.3 Unsuccessful Bidders
Do you have plans for debriefing unsuccessful bidders? Will or have bidders been surveyed, or feedback sought from bidders? Is there any likelihood of challenge from unsuccessful bidders?
<i>Unsuccessful bidders will be informed that they have been unsuccessful and will be offered the opportunity to discuss further the reasons that this was the case.</i>
<i>Due to the low number of bidders, it is not anticipated that there will be challenge from unsuccessful bidders.</i>
4.4 Sustainability
Please provide an update on sustainability risks and initiatives since Checkpoint 1. Have tenders met all sustainability requirements? Have waste minimisation and disposal issues been fully addressed?

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The sustainability of the contract is a key risk if only the minimum number of placements are obtained by the provider in year one. This will be managed through a robust mobilisation and subsequent communications plan to ensure a higher number of referrals are obtained than projected.

Better Together made a note in their pricing schedule to say that the income based on our projected figures is not sufficient to cover the annual overhead costs until year 5 and that it would be very hard for the organisation to break even.

Better Together have proposed to adjust the spending on the project if the minimum figures aren't exceeded to allow them to break even.

A Clarification meeting took place with Better Together to get a better understanding of how they would do this. They have proposed:

- Pay for 0.5% of a worker in year one, 0.75% of a worker in year 2 and a full time worker in years 3,4 and 5 in order to ensure sustainability.*
- Reduce overheads by using their Newham offices and/or alternative spaces in Romford rather than maintain an office space.*

These proposals would need to take effect from the start of the contract and be reviewed after one year and annually henceforth. The arrangements would be adjusted as necessary. The option around removing office space would be reviewed within and after year 1, and each year subsequent.

4.5 Diversity & Equality

Have the diversity and equality issues associated with this project been considered? Have you considered an Equalities Impact Assessment action plan in the context of this procurement?

Equalities and Diversity has been considered throughout the tender and procurement of this contract and provision for Equalities and Diversity has been made throughout the service specification.

An EIA would not be required as it is recommended that our current provider should deliver the contract following the tender exercise and there would be no change to the current service.

4.6 Contract Award

Are you able to recommend a tender or tenders for acceptance? Does this tender achieve the original business objectives? If not, what are the issues, and how will they be addressed?

Moderation has been concluded and it is recommended that Better Together should be awarded the contract. Better Together got a total of 91.6% (made up of 100% of the points for price [= 70], plus 21.6 out of 30 for quality).

5. FINANCIAL: BUSINESS CASE & BENEFITS REALISATION

5.1 Cashable Savings

When the service was piloted in Havering, the successful provider obtained £220,000.00 block funding over an 18 month period in order to set up and establish a scheme within

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Havering. This was awarded due to how the market for Shared Lives services was immature at the period the pilot was established. Since the local authority will be retendering the service under a spot purchasing contract with an existing/established scheme in a further developed market, this has negated the need to supply block funding to the provider.

The long-term services are delivered at a cost of between £348.00 and £514.00 per person per week, depending on the complexity of the person's need, and respite services are between £86 and £116 per person per night.

The provision of Shared Lives long-term services can, for some people, be a considerably more cost effective service than traditional residential or supported living services for people with similar needs being supported in a similar way. The service the local authority is getting for this price can be 24 hour care, 7 days a week; meaning that the local authority is already achieving high value for money. An effective Shared Lives service will, for some people, provide a more cost effective model of support and, in line with the Care Act 2014 and Havering's Joint Commissioning Strategy, provide additional choice for people and their families to consider when they are deemed to require 24/7 support. It is however not a model which would suit everyone nor one which everyone would choose.

Figure 1 demonstrates the cost to the local authority for Shared Lives services for clients with learning disabilities (the main users and client group of the services) comparable with services not delivered in the community i.e. supported living and residential care services. The data has been taken from a snapshot of the current spend on clients with typical learning disability needs.

Figure 1: Cost of Shared Lives services per week benchmarked against other services

Type	Number of placements	Min weekly cost	Max weekly cost	Average weekly cost
Residential	21	£750.00	£2,471.90	£1,360.46
Supported living	47	£343.61	£2,604.00	£1,207.84
Shared Lives	4	£348.00	£458.00	£406.00

It is anticipated that, for non-complex clients, an estimated average cost avoidance and/or direct saving of £402.00 per person per week will be realised through using Shared Lives instead of residential care.

It is anticipated that, for complex clients, an estimated average cost avoidance and/or direct saving of between £2,146.00 and £2,013.90 per person per week will be realised through using Shared Lives instead of residential care or supported living.

Please explain any shortfall from original projections

There are no shortfalls anticipated but it will be crucial that the yearly target placements which are identified during mobilisation are met in order to ensure sustainability of the service and achievement of these savings/cost avoidance going forwards.

5.2 Headcount Reductions

What is the estimated headcount reduction saving achieved through the contracting process?

There will be no headcount reductions.

5.3 Other Efficiency Gains
Describe the other, non-cashable efficiencies, including: Minimising the cost of routine transactions; utilising ICT to reduce costs and improve performance; the procurement process (e.g. electronic tendering/e-auctions); process rationalisation/simplification/reducing non-value added work; reducing other costs – consumption, wastage, price, specification; inventory/cash flow savings; getting more for less/the same; improved quality
<i>This tender has been run using the Capital E-Sourcing portal and all elements of the tender were electronic.</i>
5.4 Benefits Realisation
How will benefits be measured and tracked? Are you satisfied that the contract will deliver value for money throughout its life? What mechanisms does it include for continuous improvement?
<i>The service is purchased from varying departments on a spot basis. Cost avoidance and/or savings through the provision of Shared Lives will positively impact on these departments' spend.</i>
<i>Other benefits that will be demonstrated through the provision of services include:</i>
<ul style="list-style-type: none"> • <i>A well run Shared Lives service will provide personalised, tailor made and high quality services to residents</i> • <i>Increased choice for people and their carers in the provision of respite, day services and long term care</i> • <i>It is a cost-effective way of delivering local services and should provide modest cost avoidance and/or direct savings</i> • <i>It will provide employment opportunities for local people</i>
<i>This will be measured through monitoring of the contract and capturing of key performance indicators by the provider. The finalised mechanisms for measuring success will be agreed within the mobilisation of the contract.</i>

6. CONTRACTING INITIATION & READINESS FOR SERVICE
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6.1 Readiness for Service
Are all arrangements in place for the contract to be ready for commencement? Will the supplier be ready to supply at full capacity from day one? What arrangements have been made to ensure a successful start to the contract?
<i>It is recommended that our current provider (Better Together) is awarded the contract which will mean that all arrangements are already in place ready for the commencement of the contract.</i>
6.2 Change Management
Are there any organisational change management issues? Please describe how these will be managed.
N/A
6.3 Continuous Improvement & Price Reviews
What are the contract arrangements for price revisions? How will you ensure that

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continuous improvements will be secured in respect of cost?
<i>The performance of the contract will be reviewed on a quarterly basis to ensure it is achieving anticipated target savings/cost avoidance per placement.</i>
<i>Following the clarification meeting with Better Together it is also proposed that the quarterly meetings will be used to review the proposed staffing arrangements and if the contract is exceeding expectations look at adjusting staffing accordingly in order to get the best value for money.</i>
6.4 TUPE
If TUPE applies to this contract please confirm that all arrangements are in place for an effective transfer of staff
<i>It is recommended that the contract is given to our current provider (Better Together) and will therefore not require TUPE.</i>
6.5 Workforce Issues
Are there any other workforce issues (e.g. application of the Workforce Code of Practice) Have these been satisfactorily resolved? Please describe any continuing issues
N/A

7. PERFORMANCE MANAGEMENT	
7.1 Contract Transition & Implementation	
Are all arrangements in place for contract transition & implementation?	
<i>Following the award of the contract, a mobilisation plan will be agreed in conjunction with key stakeholders including the contract manager from the Joint Commissioning Unit, the provider and operational staff.</i>	
7.2 Performance Indicators and Management Information	
What are the performance indicators by which the success of the contract will be judged? What management information will be provided and at what frequency? Are you satisfied that Performance Indicators and management information are realistic and appropriate?	
<i>Full details on performance indicators can be found within the service specification. Within the mobilisation, provision will be made to agree the frequency, format and content of monitoring to be returned. As a minimum, it is expected that monthly monitoring data/reports will be returned to the local authority and discussed as part of contract monitoring meetings on a minimum quarterly basis.</i>	
7.3 Contract Management	
Have all arrangements been made for effective contract management?	Yes
Are sufficient Council and supplier resources available?	Yes
Is everybody involved in contract management aware of their responsibilities	Yes
Are you clear about the arrangements for contract review meetings?	Yes
How will the contract and relationship management operate throughout the contract?	
<i>Contract management will be undertaken by a Commissioner and Project Manager within the Joint Commissioning Unit for the duration of the contract.</i>	
<i>Contract management will be undertaken in line with corporate requirements stipulated within the corporate contract monitoring toolkit and in line with JCU principles for managing</i>	

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adult social care and children's contracts.

The full details of how the contract will be managed can be found within pages 17-19 in the service specification.

8. ACHIEVABILITY

8.1 Risk

What are the key risks moving forward?

Obtaining sufficient referrals and subsequent placements are made by the local authority and other key organisations in order to ensure sustainability of the contract

How will these be managed/escalated?

This risk will be managed by ensuring robust mobilisation and communications regarding the contract take place; with senior commitment to ensuring a high level of referrals are achieved. Regular monitoring of the contract and activity will be undertaken within year 1 of the contract in order to ensure that this risk is effectively managed.

8.2 Lessons learned

What are the main lessons learned to date?

Initially there were 18 expressions of interest from providers and only 2 tender bids put forward for the contract. This has shown there is a limited interest in the market for delivering a shared lives service in Havering.