

To: SOCIAL WORK COMMITTEE		Subject: INDEPENDENT SECTOR CARE AT HOME TENDERING PROPOSALS	
From: DIRECTOR OF SOCIAL WORK			
Date: 25 AUGUST 2005	Ref: DOD/EOC		

## 1. Purpose of Report

To inform Committee of outcomes from a restricted tendering exercise for independent sector home care services. To seek Committee approval to contract with providers successful in that process and for proposed purchasing and service distribution arrangements.

## 2. Background

- 2.1. In March 2002 Social Work selected three preferred providers to provide home care services for older people for a 3 years period, up until March 2005. That arrangement was intended to enable preferred providers to develop an appropriate service infrastructure and improve service delivery standards.
- 2.2. At 30 June 2005 North Lanarkshire Council purchased 3500 hours of service to 321 people under preferred provider arrangements and 2730 hours of care at home services to 150 people under the spot purchase arrangements.
- 2.3. To encourage cost competition and achieve best value for the Council, it was proposed that the existing care at home and spot purchase arrangements be subject to a competitive tendering process during June and July 2005, for all existing contracted business.

## 3. Tendering Process

- 3.1. A restricted tendering process was initiated with invitations sent to current contracted home care providers operating within North Lanarkshire and to home care providers included within the Social Work Department's Social Care Tendering List (SCTL).
- 3.2. Of 18 invitations to express interest in tendering distributed in June 2005, 14 providers responded positively.
- 3.3. Applications to tender were distributed to all 14 interested parties and returned for analysis of price and quality.
- 3.4. From desk-top analysis of cost (all-inclusive hourly rate) and quality indicators, 7 from the 14 applicants progressed to a second phase of assessment, an interview and further evaluation by senior managers.

3.5. The 7 applicants excluded from the second stage were:

<b>Provider</b>	<b>Hourly Rate</b>
TLC Scotland Ltd	£13.15
Care Management Ltd	£12.40
Care Solutions	£11.82
Good 4 U	£11.25
Care to Assist	£11.09
Call Care Home Services	£10.50
Opal Homecare	£10.50

3.6. Two of these providers, Good 4 U and Care to Assist, currently provide home care services on behalf of the Council under spot contract arrangements.

#### 4. Tender outcome and future home care purchasing

4.1. The seven providers invited to the second phase assessment, listed at 4.7 below, were further assessed on the basis of cost and quality. Six from the seven providers currently operate within North Lanarkshire on a spot purchase basis, or as preferred providers.

4.2. The hourly rate sought was an all-inclusive rate, to apply to evening, weekend and public holiday work for a period of 3 years. No guarantees were given regarding a minimum number of hours work.

4.3. The hourly rate range submitted was between £8.90 and £10.30. The differences in costs were attributable to variations between providers in a range of factors such as: staff wages, training, management and property costs.

4.4. There were no significant service quality differences found amongst providers assessed in the second phase of the tendering exercise. All seven were registered with the Care Commission and demonstrated a commitment to complying with national standards and continued service improvements.

##### Future home care purchasing strategy

4.5. To ensure best value for the Council it is proposed that a purchasing strategy be implemented and driven by social work staff through them prioritising the purchase of home care from the provider offering the most advantageous price. This will ensure optimum use of available resources. In the event that the provider with the best hourly rate cannot provide the service required at that time, then the referral would be offered to the second best priced provider named against that Division. If the first or second choice provider cannot provide the required service then the purchaser will proceed down the provider/price chain.

4.6. To achieve consistency and some continuity in provision providers will be allocated to work in specific social work divisions. Proposals for geographical allocation are based on a mix of provider preference, the price spread and current purchasing patterns. Rates submitted, geographical allocation and proposed purchasing priority were:

<b>Provider</b>	<b>Hourly Rate</b>	<b>10pm-8am Sleepover</b>	<b>Minimum Charge</b>	<b>Allocation &amp; Priority</b>
Domiciliary Care (Glasgow) Ltd	£8.90	£79.00	£5.25	North (1) & Central (1)
Choices	£9.35	£45.00	£6.50	South (1) & others as required
Annlen (Carewatch)	£9.87	£80.00	£4.94	South (2) & others as required
Community Careline	£9.91	£55.00	£5.46	Central (2) & others as required
Hazelhead Homecare	£9.94	£70.00	£5.64	North (2) & others as required
Home Concern Scotland	£10.25	£53.00	£6.00	as required
Scot Home Care	£10.30	£66.18	£6.98	as required

Implications of changes

- 4.7 These purchasing proposals will have significant work reduction and transfer consequences for current providers whose rates are at the higher end of the scale and current providers eliminated at the first stage of the tendering process. It can be anticipated that potential changes of provider will have an impact on service users satisfied with their current home care arrangements but less concerned with the best value implications for the Department. Workload transfers affecting both providers and service users will have to be sensitively managed. Work transfer will be influenced by the abilities of providers to manage service growth or reduction and will be prioritised by their potential for savings.

Pre-contracting phase

- 4.8 Contracting with the seven providers outlined at 4.7 will be dependent upon Committee approval, the providers' compliance with any outstanding pre-contracting checks on viability, price and service delivery and, agreement on contract revisions and detail.


Performance Monitoring

- 4.9 Each of the providers will have a contract specifying requirements for the service they provide. Their performance will be monitored on a regular basis to ensure that it meets the Department's expectations for quality of care. This will be the subject of routine reports to Committee.

**5. Recommendation**

- 5.1. Committee is asked to:

- (i) approve the award of preferred contracts within the price and service distribution terms set out at 4.6;
- (ii) note that progress on contract implementation and performance will continue to be provided via routine monitoring reports to Committee.



**Jim Dickie**  
**Director of Social Work**  
**01 August 2005**

For further information on this report please contact Dennis O'Donnell, Monitoring and Standards Manager  
on 01698 332058