

Committee: Cabinet

Date: 11th December 2017

Wards: All Wards

Subject: Home Care - Award of Contracts for the Provision of Home Care Services

Lead officer: Hannah Doody, Director of Community & Housing

Lead member: Cllr Tobin Byers, Cabinet Member for Adult Social Care & Health

Contact officer: Nick Robinson, Tendering Officer, Adult Social Care

Recommendations:

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1. That Cabinet approves the award of contracts for the provision of Home Care Services (also known as 'Domiciliary Care Services') for Lots 1, 2 & 3 in respect of the single highest ranked, evaluated bid for each Lot shown in Appendix 1a.

Annual contract values by zone

| | | |
|----------------------|---|---------------|
| West Zone (Lot 1) | @ | £3.64 million |
| Central Zone (Lot 2) | @ | £2.83 million |
| East Zone (Lot 3) | @ | £2.83 million |

Total £9.30 million

2. That Cabinet approves the award of contracts for the provision of Home Care Services for Lots 4 & 5 in respect of those highest ranked, evaluated bids listed in Appendix 1b. The annual cost of Home Care Services for Lots 4 & 5 are contained within the contract values shown under Recommendation 1. above.
3. That Cabinet agrees contracts will commence on 01 February 2018 and be for a period of five years with the option to extend (exercisable at the Council's sole discretion) by two further increments of 12 months each. The maximum possible contract period will be no more than seven years.
4. That for Lots 1, 2 & 3, Cabinet agrees to the use of existing providers for such a period of time as may be required to allow for the continued provision of Home Care Services ensuring:
 - a) a smooth transition from existing providers to new providers and
 - b) customer choice.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to seek the approval of Cabinet to award contracts to providers as detailed in Appendices 1a and 1b who will provide Home Care Services to customers within the borough who are assessed as requiring such care and support.
- 1.2. Under the new contractual arrangements, the majority of Home Care service *care packages* (approximately 80%) will be delivered across three geographical zones, 'West', 'Central' and 'East' by the 'Prime' providers who

successfully bid for Lots 1, 2 & 3 respectively. A map of the three geographical zones, by ward can be found at Appendix 3.

Any care package which, legitimately, cannot be accepted by the relevant Prime provider will be offered to one of the 'Supplementary' providers who successfully bid for Lot 4. Supplementary providers are expected to operate across all three zones.

- 1.3. Provision has also been made for specialist Home Care services (e.g. for a customer with an acute loss of hearing and vision) which will be delivered, as appropriate, by one of the 'Specialist' providers who successfully bid for Lot 5. Instances will be limited to those cases where, in assessing a customer, a social worker or other professional concludes that the standard service (via Lots 1, 2, 3 or, 4) cannot meet the needs of the individual. Specialist providers are similarly expected to operate across all three zones.
- 1.4. There are several developmental aspects to the contract which requires investment in recruitment, training, technology and different ways of working; the benefits of which would not be fully realised over a shorter term contract. The Council intends to build a longer term partnership with the Provider which is based on trust and openness enabling the Provider to take on greater responsibility and allowing them to develop services to the benefit of Customers. The new contracts will operate for a period of five years, commencing on 01 February 2018 with the option to extend, (exercisable at the Council's sole discretion), by two further increments of 12 months each making for a potential contract period of up to 7 years.
- 1.5. As detailed below, the transfer of existing care packages to those providers which were successful in bidding for Lot 1, 2 and 3 will happen gradually over time, with the interests of service users paramount in any decision to transfer. This will affect all current providers: both those who were successful in bidding for Lot 4 and those which were not.

2 DETAILS

- 2.1. The contract originally let in April 2012 had 13 approved providers, although 2 never accepted any packages. Of the remaining 11, 3 have exited the market in the last 12 months citing unsustainable low Home Care rates. Following a number of mergers and acquisitions we are now left with 6 active contracted providers. Approximately 40% of current Home Care commitments relate to off contract spend due to the inability of the existing pool of contracted providers to meet demand.
- 2.2. The Council currently purchases approximately 603,200 care hours per annum of Home Care via *packages of care* based on the needs of customers as assessed by social workers and other qualified officers. This provision costs £9.3m per annum, with £1.5m being recouped through client contributions making an overall net annual cost to the Council of £7.8m.
- 2.3. Examples of Home Care include but are in no way limited to the following tasks:
 - washing and bathing; dressing and undressing; assistance with eating and drinking; assistance with getting in/out of bed

(including the use of a hoist if required) + other aspects of personal care;

- cleaning of rooms; vacuuming; changing bed linen/making beds; disposal of household rubbish; cleaning of crockery and utensils etc.; general tidying + other aspects of cleaning and general home care;

2.4. Adult Social Care Commissioners carried out a review of the current provision to inform the design of a new Home Care service.

2.5. Service Redesign

There are a number of developmental aspects to the proposed contract; the key elements being a shift from an output to an outcome based approach to commissioning home care. Below is a summary of key features (presented in two parts) for the proposed service:

Service aspects available from 'go-live'

- Divide the borough into 3 geographical zones. Providers expressed a preference for this approach during consultations. It is more attractive to providers as it offers greater certainty in terms of hours on offer and makes it more viable for their businesses.
- Operate the service on a prime provider model. This enables the Council to maintain control on who it purchase services from, that they have met stringent criteria and at an agreed price as opposed to the relative chaos of spot purchasing from the wider open market.
- Explore and deploy Payment by Results (PBR) mechanisms where appropriate and prudent to do so.
- Address peripheral issues impacting on service delivery e.g. parking restrictions in certain parts of the borough – Raynes Park, Wimbledon. Resolution agreed with Parking Services.
- Allow for incentives for providers to take up more work in areas where there have been challenges historically.
- Incentivise providers to take on new packages and retain them for as long as possible and is appropriate for them to do so. E.g. to facilitate hospital discharge and reduce DTOC days.
- Respond to 7-day working as and when the Better Care Fund (BCF) condition comes into effect to implement proposed government policy. Some of this is already happening.
- utilise electronic call monitoring system (CM2000) to track use of commissioned capacity in a way that is mutually beneficial to both parties.

Developmental aspects – to be implemented over the life of the contract

As was clearly set out in the tender documents:

- The Council and providers will actively seek to build a relationship with the Provider that is based on trust and openness and where this occurs will devolve greater responsibility to the Provider that will enable them to develop their service to the benefit of our Customers. By adopting an Outcomes Based Approach, we hope that the Provider will develop a service that is attractive to our customers.
- Gradually shift to becoming more outcomes-focussed as opposed to completing specific prescribed activities or tasks e.g. use of time bands, family/provider negotiation around tasks and appointment times.
- Develop the Home Care service to a point where providers are trusted to undertake reviews and some assessments. Providers will prepare support plans basing on Needs Assessment summary received from the Brokerage team and undertake some reviews, subject to agreement.
- Actively develop a strong and equal partnership whereby the authority and the providers work together at a strategic level to problem solve and continue to develop the Home care service.
- Influence and support improved recruitment, training and retention of carers by empowering the providers to recruit and train competent carers and agree with the customers call appointment slots. This will allow the provider to evenly schedule appointments with customers throughout the day to allow the carers to work for longer hours rather than just only at peak time which will effectively improve staff retention.
- Greater use of technology e.g. encouraging use of smart devices to record key information about each customer's wellbeing; share support plans with the Council online.
- Encourage providers to undertake the responsibility of re-enabling customers to improve outcomes and reduce care packages where possible by rewarding good performance.
- Align services where possible with NHS CLCH to improve interface with community health teams
- Explore co-location of co-ordinators and brokerage team – make provision for this to be explored in year 1 of contract
- Use of GPS tracking (for safety and better deployment of staff) – Providers are very receptive to this idea. In fact some providers are already using similar systems in other localities and are willing to share their experiences with commissioners going forward.

Pricing options

On the issue of pricing the following options were considered.

- I. **Competitive and open pricing:** Where the pricing is left to the competitive market to dictate. The lowest bid would score the maximum points under the price category. However the lowest price may not be financially sustainable or offer the best quality service.
- II. **Set pricing:** The initial set rates are determined by the Council within the Council's budget limits for year one, with contract clauses governing options for future uplifts. All bidders would be required to confirm that they are able to deliver the service at the set price and the bids would entirely be evaluated on the basis of quality with the added assurance of knowing that all bids will be affordable to the Council.
- III. **Defined range pricing:** The Council sets a lower and upper price limit with bidders required to submit tenders within that range.
- IV. **Block Contract –** An agreed rate for a predetermined number of hours which the Council would be committed to pay for regardless of whether they are fully utilised or not. It provides a greater degree of certainty of cost to the Council but can also be an inefficient way to procure, with the risk of over or under provision. With this option there is no incentive for the provider to perform.

The recommended and preferred option in respect of pricing was option II. i.e. Set pricing.

Quality Assurance and Monitoring

Formal Quality Assurance and monitoring will be undertaken. The Council will deploy a range of measures to facilitate the effective review of provider performance to achieve consistently good outcomes for customers and the Council. The measures will include but are not restricted to:

- Monthly meetings with prime providers
- A six-monthly forum with all providers
- Continued information sharing with the Care Quality Commission and Clinical Commissioning Group
- Spot checks and unannounced visits
- Monitoring of all Key Performance Indicators (KPIs) including complaints and compliments, number and reasons for safeguarding alerts, achievement of customer outcomes, response times, consistency of provision etc.
- The continued use of electronic call monitoring systems to check planned visits take place and last the required duration

The purpose of provider performance reviews is to encourage an open and regular dialogue between the Council and Home Care providers to ensure that specified service standards and outcomes are being met and to improve both the performance and quality of service provision.

2.6. The new service is designed to enable customers to live as independently as possible, for as long as possible, while living in their own homes (including sheltered housing schemes). It is the council's expectation that providers will deliver services that are flexible and which support and facilitate customers to meet the challenges of daily living, so enabling them to live as engaged and active citizens. In all cases, the actual delivery of services will derive from tasks identified by social workers etc. which will meet customers' needs and outcomes within personal *support plans*.

2.7. Shaping the Market & Zoning the New Service

The Council has 20 wards across the 5 centres/towns within the Borough of Merton. For the purposes of delivering this service, the commissioners have divided the 20 wards into 3 zones – West, Central and East.

In addition the Council has categorised Providers into five groups:

Lots 1 – 3 (Prime Providers) this will consist of three Prime Providers with each Prime Provider contracted to deliver services in one of the three zones i.e. West, Central or East.

Lot 4 (Supplementary Providers) will consist of a number of providers to augment the prime provision e.g. where there are capacity issues during peak periods. Supplementary Providers in this category are not restricted to operating in any specific zone(s) and will be allocated work across the borough.

Lot 5 (Specialist Providers) will consist of providers offering specialist services e.g. to deaf-blind Customers needing care. Specialist Providers are not restricted to operating in any specific zone(s) and will work across the borough. Specialist provision refers to instances where a Social Worker or other professional has assessed a Customer and determined that the standard service does not meet his/her requirements.

All Lots. There is no guaranteed number of hours offered to any Provider category. There is an expectation on Prime Providers to meet demand first. Their ability to deliver will be monitored and managed closely by the contracting team.

2.8. Mobilisation of the new contract will be phased as follows:

- All new packages will be offered to new providers.
- Existing packages will continue to be delivered by the incumbent provider(s) until there is a need to change carers for whatever reason. At this point the package will transfer to a new provider.
- A programme of gradual transfers from high cost spot purchased care will be undertaken. Attempts to bulk transfer clients was considered but deemed to be too great a risk. Restarts - Customers will be given an option to stay with their existing home care provider or switch to the new provider.

- It is worth noting that the majority of the proposed providers for Lots 1 to 4 are existing providers in Merton which will smooth the transition process. However, any of the existing providers not awarded a contract for the delivery of any Lot will remain on their current rate.
- Reviewing of CM2000 – providers will continue to use CM2000 as a monitoring tool in the first year of the contract to allow time for a review of the existing system and explore options.

2.9. Value of the Contracts

The value of contracts per annum for this service is based on rates which are described in detail at Appendix 4. Once the service is fully operational, it is estimated that the approximate annual value for each zone will be as follows:

Annual contract values

| | | |
|----------------------|---|----------------------|
| West Zone (Lot 1) | @ | £3.64 million |
| Central Zone (Lot 2) | @ | £2.83 million |
| East Zone (Lot 3) | @ | £2.83 million |
| Total | | £9.30 million |

It was made clear to prospective providers that when submitting bids they were agreeing to provide services based on the rates shown in Appendix 4. They were also advised that bids received with prices different to those listed above would not be considered.

The West zone is larger geographically and financially as it is harder for providers to operate. Service users are further apart and there are fewer carers resident in the zone. Consultation with potential providers suggested that this zone required additional scale to be sustainable.

2.10. Description of the Tender Models

For Lots 1, 2 & 3, in accordance with the tender documents the selection model involved two stages:

- Stage 1 comprised of a Selection Questionnaire covering minimum standards and requirements i.e. exclusions, economic & financial standing and technical & professional ability.
- Stage 2 comprised of a series of 'method statement' questions covering five key category areas.

For Lots 4 & 5 the selection process was limited to a single stage, mirroring Stage 1 described immediately above but with additional questions about providers' technical and professional abilities (four additional questions in respect of Lot 4 and five in respect of Lot 5).

2.11. Description of the Tender Process

The services being provided under the contracts are Schedule 3 Services and given the value of the contracts exceeds the threshold of 750,000 euros the procurement process was carried out under the Light Touch Regime in accordance with EU Directive 2014/24/EU, The Public Contracts Regulations 2015 and the Council's Contract Standing Orders

The process was conducted via the London Tenders Portal, a web based e-Tendering system, by the Community & Housing Directorate's *Contracts and Procurements Team*. Support and advice was provided by the Council's Commercial and Legal Services as and when required.

The tender opportunity was advertised between 14 & 15 February 2017 through the London Tenders Portal, The Official Journal of the European Union (OJEU) and Contracts Finder (the UK's single publishing portal for all public sector procurement opportunities).

Prospective service providers were invited to tender their bids electronically for one or more of the Lots described in this report and were advised that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246) (TUPE) might apply to the contracts.

One-hundred-and-eighty-two organisations expressed interest in the tender; of which fifty-eight went on to submit formal bids.

2.12. Tender Evaluations

All bidders were advised in the tender documents provided that the subsequent award of any contract would be in accordance with the evaluation criteria specified in the tender documents and based on the offer which constituted the 'most economically advantageous tender' ('MEAT') to the Council.

The Council's tender evaluation panel consisted of the following:

- The Interim Commissioning Lead Officer, Community & Housing (all Lots);
- The Commissioning Officer, Community & Housing (all Lots);
- Senior Brokerage Officer #1, Community & Housing (all Lots);
- Senior Brokerage Officer #2, Community & Housing (Lots 1, 2 & 3);
- Brokerage Officer, Community & Housing (Lots 4 & 5);
- Head of Corporate Safety Services (all Lots; Health & Safety matters only).

Lots 1, 2 & 3 First Stage

The compliant Selection Questionnaires of 10 providers were evaluated with all 10 considered to be of sufficient standard to proceed to the second stage.

Lots 1, 2 & 3 Second Stage

With two providers subsequently opting out from the competition, the method statement responses of the remaining 8 providers were evaluated and moderated in accordance with the models shown at appendices 5 & 6. It was made clear to providers that, subject to post contract award formalities, the highest scoring response for each Lot would succeed.

Successful and unsuccessful bidders for these Lots are described in Appendices 1 and 2 respectively.

Lots 4 & 5

Forty-four providers submitted compliant extended Selection Questionnaires for Lot 4 along with 18 providers bidding for Lot 5. These were evaluated and moderated in accordance with the tender documents and as shown at appendices 7 & 8. It was made clear to providers that, subject to post

contract award formalities, bids scoring 50% or more of the total available score would succeed.

All Lots

Successful and unsuccessful bidders for these Lots are described in Appendices 1a, 1b and 2 respectively. Subject to Cabinet's approval to award, the bidders will be notified by a correctly drafted and regulations compliant standstill letter. The notice will be the subject of a voluntary standstill procedure of 10 days in accordance with best practice.

3 ALTERNATIVE OPTIONS

3.1 The following options were considered:

Option 1 - Stay the same - we continue as we are with an increasingly limited pool of contracted providers, supplemented by a broad range of spot purchase providers.

Option 2 - Any Qualified Provider (AQP) model - With this model the council will screen and accept any provider at any time with the necessary qualifications and experience on to a list of selected providers to deliver home care. There will be no limits (within reason) on the number of providers on the list.

Option 3 - Geographical Prime Provider model - With this model, it was proposed that the borough be divided into three geographical zones with services delivered by a Prime Provider in each. To supplement this there will be a pool of 'supplementary' providers operating as back up. Prime Providers are offered 'first refusal' on the delivery of all packages in their zone to make the offer more attractive and viable.

Option 4 - Spot purchase - The service will be purchased on the open market on a pay as you go basis with no formal arrangements in place

Option 5 - Block contract - This would involve contracting exclusively with two to three providers of home care. This would ensure that they get sufficient volume of business for Merton to be able to make greater demands around quality and innovation. It would also enable a move towards outcome based commissioning, as providers would have sufficient turnover to bear the risk inherent in payment by results models.

Option 6 - Dynamic purchasing system (DPS framework) - The Dynamic Purchasing System (DPS) is a procedure available for contracts for works, services and goods commonly available on the market. As a procurement tool, it has some aspects that are similar to an electronic framework agreement, but where new suppliers can join at any time. However, it has its own specific set of requirements. It is to be run as a completely electronic process, and should be set up using the restricted procedure and some other conditions as set out in the Public Contracts Regulations 2015.

The preferred/adopted option was Option 3.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1 Market Engagement

The commissioning team actively engaged with a range of home care providers. This included round table as well as one to one conversations with 30 organisations, an online survey and four provider events held over two days in August 2016. This together with an online survey was advertised to all providers via the London Tenders Portal.

76 providers expressed interest in getting involved in our home care service consultation. Of these, 14 are already providing services to LB of Merton (6 framework and 8 spot purchase providers).

25 organisations were represented at the provider events.

31 organisations participated in the online survey.

A summary of the feedback received is shown below.

Overall providers:

- Were in support of outcome-based approach to commissioning home care;
- Wanted to see a focus on improvement of Customers' experience rather than savings;
- Were in support of Merton setting prices before re-commissioning the home care service;
- Advocated for provider direct involvement in assessment of customers;
- Wanted to see improved relationships among providers, customers and the Council (trust is critical to improving quality of services);
- Wanted changes to the way CM2000 call monitoring system is used. Their opinion was that CM2000 should be applied as an output monitoring tool and to process invoice payments;

Summary of feedback from online survey:

- 84% of respondents understood outcome-based commissioning;
- 68% supported the proposed outcomes-based model while 26% had reservations;
- 65% favoured four rather than two geographical areas;
- 58% had some difficulty recruiting staff;
- 55% supported a 'Merton fixed rate' (36% were opposed);
- 71% supported not transferring existing home care business to the new Providers immediately after contract award unless customers expressed an interest in doing so or there was a break in service.

Commissioners also took into account other advice and intelligence from both internal and external stakeholders e.g. safeguarding alerts, comments, complaints and compliments.

Consultation with internal stakeholders:

- Legal Services;
- Commercial Services;
- Brokerage Team (Adult Social Care)
- Social Work Team
- Safeguarding Team
- Performance & Improvement Team

5 TIMETABLE

Upon approval the Council will agree with the successful tenderers, an implementation plan to ensure that the new service commences on 1st February 2018.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The current cost of Home Care is £9.3m per annum
- 6.2. The cost of the new Home Care service will be based on the fixed rates described in Appendix 4.
- 6.3. Efficiencies
 These will be achieved by moving away from more expensive spot purchased care to a sustainable contracted provision. All contracted care will be managed through our electronic call monitoring system so that we are clear that people are getting the care that they need. It should be noted that 15 minute calls for personal care are no longer being commissioned, though they will be allowed for other purposes such as hydration checks etc..
- 6.4. Saving targets linked to the benefits are as follows:-
 2017/18 - £215k
 2018/19 - £301k

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The services provided under the contracts are Schedule 3 Services and accordingly are not subject to the full rigours of the Public Contracts Regulations 2015, but instead as the value exceeds the 750,000 euro threshold has been procured in accordance with the Light Touch regime as set out in EU Directive 2014/24/EU, The Public Contracts Regulations 2015 and the Council's Contract Standing Orders. Subject to approval to proceed and award the contracts the Council shall be running a ten day standstill period in accordance with best practice. Existing and prospective providers were advised that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246) (TUPE) might apply to the contracts.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. The tender documentation submitted by tenderers were assessed against equality criteria developed to comply with current equality legislation. This was to ensure that contracts are awarded to organisations that have an equality policy and practices that can impact positively on the delivery of the service. The Contract Manager will have the responsibility of monitoring that the Contractor is implementing equalities, as part of the regular contract management procedure.
- 8.2. The Project Lead undertook an Equality Impact Assessment (initial screening) at the tender evaluation stage which showed that no Customer group with protected characteristics will be negatively impacted.
- 8.3. The Human Rights and Equality Act 2010 will be considered during the tender evaluation process.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. There are no specific implications affecting this tender.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. A risk log was maintained throughout the life of the tender process with any risks identified and logged, including levels of identifying levels of probability and action taken to reduce or eradicate the risk.
- 10.2. All organisations being awarded contracts have a health and safety policy that compliments the Council's corporate procedures for effective health and safety and risk management. The tender documentation submitted by all selected tenderers in respect have been assessed against a criteria developed by the Council's Safety and Emergency Planning Team

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix 1a – Highest Ranked Evaluated Bidders for Lots 1, 2 & 3
- Appendix 1b – Highest Ranked Evaluated Bidders for Lots 4 & 5
- Appendix 2 – List of Unsuccessful Providers (ranked according to Lot)
- Appendix 3 – Map of Geographical Zones for Home Care by Ward
- Appendix 4 – New Pricing Schedule for Home Care Services
- Appendix 5 – Tender Evaluation Model Lots 1, 2 & 3
- Appendix 6 – Evaluations: Scoring Methodology Lots 1, 2 & 3
- Appendix 7 – Tender Evaluation Model Lots 4 & 5
- Appendix 8 – Evaluations: Scoring Methodology Lots 4 & 5

12 BACKGROUND PAPERS

12.1. Contract Standing Orders

12.2. Procurement Strategy

Appendix 1a – Highest Ranked Evaluated Bidders for Lots 1, 2 & 3

Details withheld – commercially sensitive

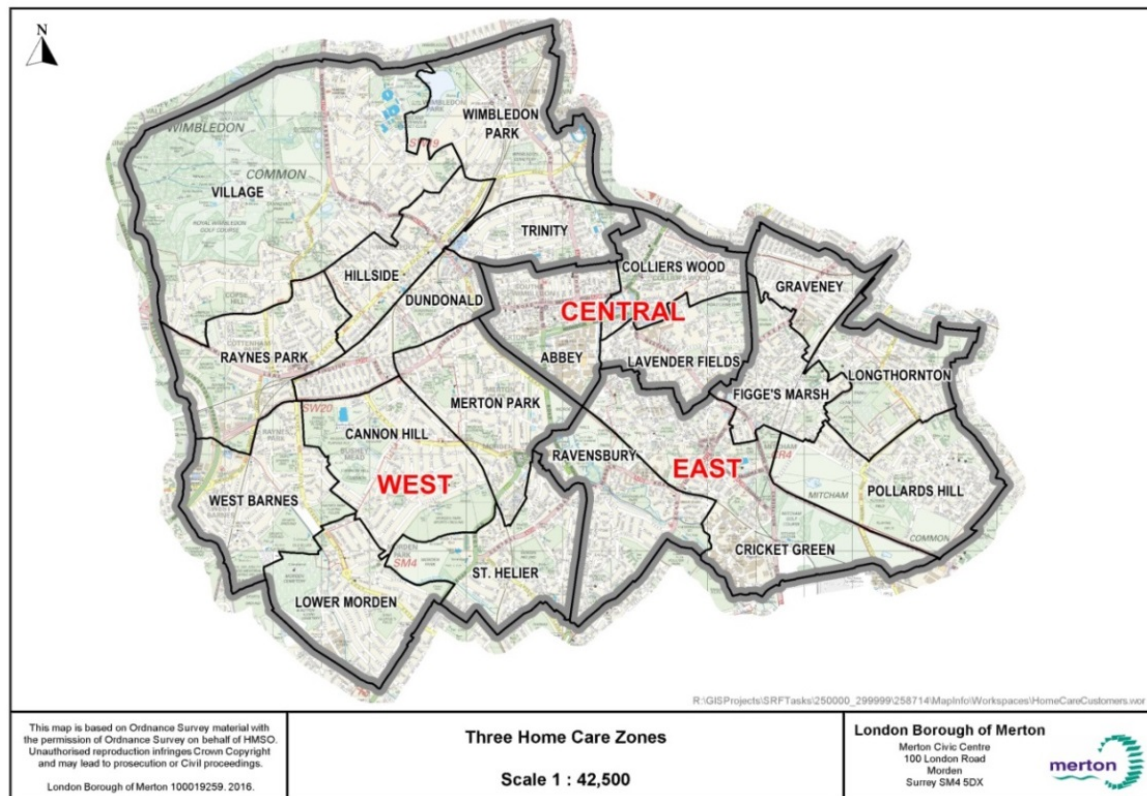
Appendix 1b – Highest Ranked Evaluated Bidders for Lots 4 & 5

Details withheld – commercially sensitive

Appendix 2 – List of Unsuccessful Providers (ranked according to Lot)

Details withheld – commercially sensitive

Appendix 3 – Map of Geographical Zones for Home Care by Ward



- Lot 1 = West Zone
- Lot 2 = Central Zone
- Lot 3 = East Zone
- Lot 4 = All Zones
- Lot 5 = All Zones

Appendix 4 – New Pricing Schedule for Home Care Services

2017/18 Rates

| Item | Rate 17/18 (1 hour) | 45min | 30min | 15min |
|------------------------------|------------------------|-------|-------|-------|
| Total cost per standard hour | 15.18 | 12.12 | 9.12 | 6.09 |
| Bank holiday rate | 20.65 | 16.48 | 12.40 | 8.28 |

Bids received for prices different to those listed above will not be considered.

Below is a breakdown of how the hourly rates have been calculated and an explanation of the mechanism we intend to deploy to set rates over the lifetime of the contract.

| Item | Proposed Rate 17/18 (1 hr) | 45min | 30min | 15min | Comments |
|-------------------------|-------------------------------|-------|-------|-------|--|
| Contact time | 7.63 | 5.7 | 3.8 | 1.9 | Must be at least equal to the prevailing National Living Wage rate |
| Travel Time | 1.27 | 1.27 | 1.27 | 1.27 | Assumes 10 minutes travel time pro rata contact time rate |
| Travel Cost | 1.5 | 1.5 | 1.5 | 1.5 | Minimum bus fare applicable for travel in Merton |
| Staffing on costs | 2.16 | 1.70 | 1.24 | 0.77 | 24.3% of contact and travel time to cover pensions, Training, sick pay and holiday pay, etc... |
| Business Running Cost | 2.19 | 1.64 | 1.10 | 0.55 | |
| Profit | 0.42 | 0.32 | 0.21 | 0.11 | |
| Total cost per std hour | 15.18 | 12.12 | 9.12 | 6.09 | |
| Bank holiday rate | 20.65 | 16.48 | 12.40 | 8.28 | |

Future increases

For subsequent years the hourly rate will be adjusted to take account of the prevailing National Living Wage, if applicable. The travel time rate is linked to the National Living Wage and will also be adjusted. The travel cost element will reflect the standard cost of travel by bus within the London Borough of Merton. At the moment this is £1.50 but will be adjusted to match any change in fares accordingly.

Staffing 'on cost' is set at 24.3% of contact and travel time.

A change to the 'business running cost' and 'profit' element is not automatic. Any increases in this regard are at the sole discretion of the Council and will be subject to annual review.

2018/19 assumptions

The National Living Wage goes up to £7.83 from April 2018. Assuming that the Council agrees to apply a discretionary increase (for the business running cost and profit at 21% and 3% respectively) the hourly rate would be calculated as follows:

| Item | Proposed Rate 18/19 (1 hr) | 45min | 30min | 15min | Comments |
|-------------------------|----------------------------|-------|-------|-------|--|
| Contact time | 7.83 | 5.9 | 3.9 | 2.0 | Must be at least equal to the prevailing National Living Wage rate |
| Travel Time | 1.31 | 1.31 | 1.31 | 1.31 | Assumes 10 minutes travel time pro rata contact time rate |
| Travel Cost | 1.5 | 1.5 | 1.5 | 1.5 | Minimum bus fare applicable for travel in Merton |
| Staffing on costs | 2.22 | 1.74 | 1.27 | 0.79 | 24.3% of contact and travel time to cover pensions, Training, sick pay and holiday pay, etc... |
| Business Running Cost | 2.38 | 1.87 | 1.36 | 0.85 | |
| Profit | 0.46 | 0.37 | 0.28 | 0.19 | |
| Total cost per std hour | 15.70 | 12.66 | 9.63 | 6.60 | |
| Bank holiday rate | 21.35 | 17.22 | 13.10 | 8.97 | |

Appendix 5 – Tender Evaluation Model Lots 1, 2 & 3

Tender Evaluation

The Council will evaluate the Bidder’s tender to deliver the service by assessing the bidders’ responses as detailed in the Tender Response Document.

OVERALL AWARD CRITERIA

The Council’s criteria for selection of the successful Bidder are based on the Quality Criteria listed below.

Each bid will be assessed and marks awarded solely for Quality (100% of the Total Marks)

The following scoring mechanism and weighting will apply in respect of each Bidder’s written submission. The scoring methodology is summarised below together with a statement setting out the basis upon which marks will be allocated:

| Subject Area | Question | Available Marks | Sub Weighting | Overall Weighting | Total Score (%) |
|---|------------|-----------------|---------------|-------------------|--------------------------|
| 1. Governance | 1.1 | | 50 | 10% | |
| | 1.2 | | 50 | | |
| 2. Knowledge | 2.1 | | 20 | 20% | |
| | 2.2 | | 80 | | |
| 3. Service Delivery & Human Resources | 3.1 | | 60 | 30% | |
| | 3.2 | | 40 | | |
| 4. Outcomes | 4.1 | | 30 | 20% | |
| | 4.2 | | 30 | | |
| | 4.3 | | 40 | | |
| 5. Contract Compliance, Performance, Quality & Mobilisation Plan | 5.1 | | 30 | 20% | |
| | 5.2 | | 30 | | |
| | 5.3 | | 40 | | |
| TOTAL ASSESSMENT SCORE | | | | 100% | Max Score: = 100% |

A rating of 0-4 will be used for evaluating each question in its Tender – the range of possible scores will be as set out in the Scoring Table below:

Appendix 6 – Evaluations: Scoring Methodology Lots 1, 2 & 3

| Score | | Score Justification |
|-------|---------------------|--|
| 0 | Unacceptable | Completely unsatisfactory/unacceptable response No response to the question or serious deficiencies in meeting the required standards. |
| 1 | Very Poor | Very Poor response The response fails to meet the required standards and contains serious shortcomings. The Evaluator is not confident that the bidder understands the contract requirements. |
| 2 | Poor | Poor response The response has shortcomings in meeting the required standards. There are some major concerns. The Evaluator has some reservations that the bidder understands the contract requirements. |
| 3 | Satisfactory | Satisfactory response The response is broadly compliant and meets the basic contract standards. Any concerns are only of a minor nature. The Evaluator is reasonably confident that the bidder understands the contract requirements. |
| 4 | Good | Good response The response is fully compliant and clearly indicates a full understanding of the contract. The required standards consistently deliver all the required contract standards. The Evaluator is confident that the bidder understands the contract requirements. |

Scoring Methodology using Method Statement 2 as an Example:

Sub-Weighting

Based on a tenderer's mark of *3 out of 4* for question **2.1** and *2 out of 4* for question **2.2** their scores for method Statement 2 would be:

3 (score) divided by 4 (maximum score) multiplied by 20 = **15**

2 (score) divided by 4 (maximum score) multiply by 80 = **40**

The total sub-weighted score is 55.

continued on next page

Appendix 6 (continued) – Evaluations: Scoring Methodology Lots 1, 2 & 3

Total Score

The overall weighting for method statement 2 is 20%

Therefore, the total score will be $55 \times 20\% = 11\%$

The total score for each Method Statement will be added to determine the final score out of the maximum 100%.

MODERATION OF WRITTEN TENDER SUBMISSION SCORES

Evaluation team members will be required to individually score each Bidder's responses in accordance with the qualitative criteria.

Following completion of individual scoring, a moderation exercise will be undertaken in which each evaluator's score is compared with others. A consensus view will be sought on scores to be awarded. This will be overseen by an officer independent of the evaluation team who will record all scores on a master sheet.

Price Information

The Pricing Schedule shown as Schedule 3 of the Tender Response document must be noted for Lots 1, 2 & 3 and within Appendix 1 and 2 of the SQ for Lots 4 & 5. Failure to complete the Form of Tender, which *inter alia* confirms that the bidder accepts the aforementioned *pricing schedule*, will result in the tender being rejected.

Appendix 7 – Tender Evaluation Model Lots 4 & 5

The table below set out the available marks and weighted marks for each question from 6.2 to 6.10 (note question 6.3 is not scored).

Lot 4

| Question No. | Subject Area | Available Marks | Weighted Marks |
|--------------|---------------------|-----------------|----------------|
| 6.2 | Previous Experience | 0 to 4 | 15.0% |
| 6.4 | Safeguarding | 0 to 4 | 15.0% |
| 6.5 | Complaints | 0 to 4 | 10.0% |
| 6.6 | Strengths | 0 to 4 | 10.0% |
| 6.7 | Service Delivery | 0 to 4 | 12.5% |
| 6.8 | Equality | 0 to 4 | 12.5% |
| 6.9 | Staffing | 0 to 4 | 12.5% |
| 6.10 | Health & Safety | 0 to 4 | 12.5% |
| Total | | 32 | 100% |

The table below set out the available marks and weighted marks for each question from 6.2 to 6.11 (note question 6.3 is not scored).

Lot 5

| Question No. | Subject Area | Available Marks | Weighted Marks |
|--------------|---------------------|-----------------|----------------|
| 6.2 | Previous Experience | 0 to 4 | 13.0% |
| 6.4 | Safeguarding | 0 to 4 | 13.0% |
| 6.5 | Complaints | 0 to 4 | 9.0% |
| 6.6 | Strengths | 0 to 4 | 9.0% |
| 6.7 | Service Delivery | 0 to 4 | 11.5% |
| 6.8 | Equality | 0 to 4 | 11.5% |
| 6.9 | Staffing | 0 to 4 | 11.5% |
| 6.10 | Health & Safety | 0 to 4 | 11.5% |
| 6.11 | Specialisms | 0 to 4 | 10.0% |
| Total | | 36 | 100% |

The formula used to calculate the weighted scores for each of the sub-criteria is the score given to each sub criteria multiplied by the weighting factor shown for that sub criteria i.e.:

Question Weighted Score (%) = (Bidder's score / 4) x Weighted Marks for that Question.

Appendix 8 – Evaluations: Scoring Methodology Lots 4 & 5

| Score | | Score Justification |
|-------|---------------------|---|
| 0 | Unacceptable | <p>Completely unsatisfactory/unacceptable response</p> <p>No response to the question or serious deficiencies in meeting the required standards.</p> |
| 1 | Very Poor | <p>Very Poor response</p> <p>The response fails to meet the required standards and contains serious shortcomings. The Evaluator is not confident that the bidder understands the contract requirements.</p> |
| 2 | Poor | <p>Poor response</p> <p>The response has shortcomings in meeting the required standards. There are some major concerns. The Evaluator has some reservations that the bidder understands the contract requirements.</p> |
| 3 | Satisfactory | <p>Satisfactory response</p> <p>The response is broadly compliant and meets the basic contract standards. Any concerns are only of a minor nature. The Evaluator is reasonably confident that the bidder understands the contract requirements.</p> |
| 4 | Good | <p>Good response</p> <p>The response is fully compliant and clearly indicates a full understanding of the contract. The required standards consistently deliver all the required contract standards. The Evaluator is confident that the bidder understands the contract requirements.</p> |