

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE – 29 JANUARY 2019

PROCUREMENT AUTHORITY REPORT – CARE & REPAIR SERVICES: HOUSING AIDS & ADAPTATIONS CONTRACT ARRANGEMENTS 2019/2023

JOINT REPORT BY VICKY IRONS, CHIEF OFFICER ANGUS HEALTH AND SOCIAL CARE PARTNERSHIP AND STEWART BALL, HEAD OF COMMUNITIES

ABSTRACT

This report seeks authority for implementation of the procurement strategy for the contract arrangements relating to the supply and installation of aids and adaptations to meet the needs of disabled people in Angus along with a Care and Repair service to support private sector households to organise works.

1. RECOMMENDATION(S)

It is recommended that Policy and Resources Committee agrees to:

- (i) authorise the Chief Officer and the Head of Communities to procure a contract for the supply and installation of adaptation services for the period of 3 years with an option to extend for a further 1 year as set out in Section 6 of and Appendix 1 to this report; and
- (ii) authorise the Chief Officer and the Head of Communities to procure a contract or a grant agreement for the provision of a Care and Repair service which will support private sector households for the period of 3 years with an option to extend for a further 1 year as set out in Section 6 of and Appendix 1 to this report;

2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN/CORPORATE PLAN

- 2.1 This report contributes to the following local outcome(s) contained within the Angus Local Outcomes Improvement Plan and Locality Plans:
- An inclusive and sustainable economy
 - More opportunities for people to achieve success
 - Improved physical, mental and emotional health and well-being

3. ALIGNMENT TO THE AHSCP STRATEGIC PLAN 2016-19

- 3.1 The report contributes to the AHSCP Strategic Plan Priority 2: “Supporting care needs at Home”.

4. BACKGROUND

- 4.1 The provision of adaptations services are critical to meeting the needs of older people and people with disabilities in Angus, supporting both the AHSCP’s Strategic Plan and the Council’s Local Housing Strategy. A Review of Adaptations Delivery Models was initiated to examine the delivery of adaptations across tenures. This followed on from the implementation of the new Housing Adaptations Joint Working Policy (Report 87/17 refers) and recommendations from the Scottish Government around the issues associated with tenure specific approaches to adaptations. The review focused on the opportunities to optimise resources while providing efficient and seamless services, which meet the needs of clients. The Review was included within the Angus Council Change Programme Phase 1.

- 4.2 As part of the Review it was determined that the procurement of external contracts supporting the Adaptations service also needed to be reviewed. The conclusions from this external services and market review have informed development of this procurement strategy. The relevant conclusions were that:
- (a) the speed and consistency of service provision to users would be improved by having all externalised adaptation services addressed in the same contract vehicle / by the same provider, irrespective of whether that be for Council or Registered Social Landlord (RSL) tenants or for owner / occupiers, rather than the current fragmented arrangements;
 - (b) both internal and pricing efficiency could be achieved by aggregating those contracting arrangements; and
 - (c) it was appropriate in principle to openly tender for the required external services.
- 4.3 The supply and installation of aids and adaptations to housing, along with the provision of a Care and Repair service to support private sector households, together ensure older and disabled people can remain in their own homes. Considerable preparatory work has been undertaken to develop a procurement strategy supports the sourcing of external services to achieve that aim in a way which offers best value.

5. CURRENT POSITION

- 5.1 A Project Board was formed to oversee the Review of Adaptations Delivery Models and the delivery of the procurement arrangements, if approved. This project Board comprises:
- AHSCP's Head of Community Health and Care Services
 - Angus Council's Head of Communities
 - Angus Council's Service Leader (Housing)
- 5.2 A User Intelligence Group (UIG) / Project Team has also been established to review the business needs and develop the procurement strategy for these services. UIG members include representatives from:
- AHSCP's Occupational Therapy Service
 - The Council's Housing Service
 - The Council's Assets Service
 - The Council's Procurement and Commissioning Team.
- 5.3 Considerable consultation was undertaken with the market, service users, potential collaborative partners and the current provider to ensure that the procurement strategy is robust and its conclusions are valid.
- 5.4 During the consultation, rigorous debate has taken place with a range of relevant organisations and individuals which has helped to shape the procurement strategy. The project team remains convinced of the merit of the procurement strategy, and is supported by the Project Board who have approved it at senior officer level.

6. PROCUREMENT PROPOSALS

- 6.1 The details of the strategic procurement issues are set out in **Appendix 1** but the following summarises the position.
- 6.2 The key conclusions and proposals from the strategy are that:
- There is a reasonably healthy market for competitive installation and supply of aids and adaptations.
 - New contract arrangements are required to integrate with the reviewed Adaptations Service. It is appropriate and legally necessary to apply a competitive process to those new arrangements. There is no good case for "carving out" any part of the requirement from that competitive process.
 - The availability of effective competition offers good assurance for the achievement of value for money (vfm). Some additional vfm assurance will be sought for the Care and Repair service in terms of cost transparency if a grant vehicle is selected.
 - A separate contract arrangement for each of (a) the adaptations supply and installation service and (b) the Care and Repair service will be sought. The supply and installation service contract will be lotted to assist small / medium enterprises

access to the opportunity. All lots / the Care and Repair service contract will be single supplier arrangements except for the lot for major adaptations which will be multi-supplier (3) to maintain competition for larger jobs.

- Authority is sought for the competitive procurement of a contract for this service for the period of 3 years, expected to be from 1 December 2019 until 30 November 2022 with an option for the Council / AHSCP to extend the contract for up to a further 1 year.

7. FINANCIAL IMPLICATIONS

The total estimated whole life cost for the provision of these services under the proposed contracts is £1.3 million per annum or £5.2 million over the whole contract duration including the option to extend.

The funding for these services is held by both AHSCP and the Council. The existing budgets remain available to address the estimated whole life costs.

8. CONSULTATION

- 8.1 The Chief Executive and the Head of Finance and Legal Services along with the AHSCP Chief Officer, AHSCP Head of Community Health and Care Services, the Head of Communities, the Service Leader (Housing), the Head of Infrastructure, the Chief Social Work Officer and the Council's Procurement and Commissioning Manager have been consulted in the preparation of this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices:

- 1 - Procurement Strategy Summary

Report No 31/19: Appendix 1 - Procurement Strategy Summary

Strategic Procurement Context

The provision of an efficient adaptations / Care and Repair service is crucial to meeting the assessed housing, medical and support needs of disabled and older persons, helping people to live independently in their own homes for as long as possible and supporting the targeted provision of social care services in line with assessed need.

Provision of this kind of service is in line with both Scottish Government and local policy and priorities, specifically:

- Angus Local Outcomes Improvement Plan 2017 - 2030: Local Outcomes for
 - PEOPLE
 - 6. Improved physical, mental and emotional health and well-being
 - PLACE
 - 9. An enhanced, protected and enjoyed natural and built environment
- AHSCP Strategic Plan 2016/19 Priority 2: “Supporting care needs at Home”
- The Angus Housing Adaptations Joint Working Policy looks to promote joint working between relevant services (Housing Service and AHSCP) and minimise delays amongst stakeholders’ decision-making.

As part of the approved Angus Council Change Programme Phase 1 project “Review of Adaptations Delivery Models”, it was determined that the procurement of external services supporting the Adaptations service also needed to be reviewed. The conclusions from this external services and market review have informed development of this procurement strategy. The relevant conclusions are that:

- (a) the speed and consistency of service provision to users would be improved by having all externalised adaptation services addressed in the same contract vehicle / by the same provider, irrespective of whether that be for Council (or RSL) tenants or for owner / occupiers, rather than the current fragmented arrangements;
- (b) both internal and possible pricing efficiency could be achieved by aggregating those contracting arrangements; and
- (c) it was appropriate in principle to openly tender for the required external services.

The joint purchasing organisation here is Angus Council along with AHSCP but with the contract running in Angus Council’s sole name.

Current Contractual Arrangements

Current contractual arrangements are fragmented:

- Urgent Repair & Jobbing Contract 2017/21 – handrails and ramps for private owners through AHSCP; regularly tendered - Start date: 01 April 2017, End date: 31 March 2021.
- Housing Repairs Term Contract 2015/18 (option to extend up to 2 years) - aids and adaptation works on Council Housing; regularly tendered - Start Date: 1 June 2015; End Date: 31 March 2018 (currently extended to 30 September 2019).
- Service Level Agreement (SLA) for a care & repair service with Angus Care & Repair – support services to elderly / disabled private owners seeking major adaptations / repairs; direct provision of minor adaptations; installation of telecare; and Home Safety Service - annually renewed, not tendered. Current SLA start date: 01/04/2017; End date: 31/03/2019. Extension offered and accepted to 30/06/2019, further extension proposed to 01/12/2019.

It may be noted it is legally necessary under procurement legislation to apply an open, transparent and non-discriminatory competitive process to the Council’s requirements for contracted services. There are limited exclusions / exemptions but none apply here other than for the care and repair service where it is arguable that is only a limited market so that grant funding (as opposed to service purchasing) powers may be used.

Procurement legislation also precludes the “unpackaging” of requirements just to defeat application of the relevant thresholds. There is no good case here for “carving out” any part of the requirement from that competitive process.

Prior Consultation

Significant prior consultation took place as part of developing this procurement strategy:

- **Market Engagement:** after publication of a “prior indicative notice” on 3 July 2018, 14 organisations formally expressed an interest in the opportunity. 6 were Angus-based, 1 was based in Perth & Kinross and the rest were from elsewhere in Scotland. 4 organisations attended a market engagement event and all 4 submitted anonymised responses to help shape development of the procurement strategy. Most were interested in the physical installations opportunity with less interest in / more uncertainty around the “private tenure adaptations management service” element of the opportunity.
- **Service User Consultation:** 35 service users were consulted with for their views on possible options for households applying for grant assistance with major adaptations. This confirmed that a majority of service users felt they needed support with the process but with a significant minority of users wanted the option of arranging works themselves.
- **Current Provider Consultation:** separate from the market engagement exercise, the views of the current provider, Angus Care & Repair, were sought and, although not all were accepted, views were taken on board to help shape development of the procurement strategy.
During the consultation, rigorous debate has taken place with a range of relevant organisations and individuals which has helped to shape the procurement strategy. The project team remains convinced of the merit of its procurement strategy, and is supported by the Project Board who have approved it at senior officer level.
- **Regional Consultation re Collaboration opportunity:** Perth & Kinross Council have only recently gone to tender and appointed a Care and Repair provider. Dundee City Council have a wholly in-house Care and Repair service. Both authorities have very different contract arrangements with installers at this time. The opportunity for a collaborative procurement exercise is therefore a future opportunity. However, we have engaged with local registered social landlords and plan to name them in the contract advert so that they can tap in to this contracting opportunity of they wish (and offering a more attractive contract opportunity / more competitive pricing as a result).

Outcomes

The following have been identified as the required key outcomes from the procurement exercise and the procurement strategy has been developed to achieve these.

1. Achievement of efficiency / maximisation of resources
2. Improved performance and service user outcomes
3. Legally compliant contract arrangements which deliver sustainable performance and continuous improvement
4. Contract arrangements which deliver economic, social and environmentally sustainable outcomes for Angus.

Options Appraisal

In summary the conclusion of the options appraisal was as follows:

- Do Nothing:** Not sustainable, potentially non-compliant
- In-House Delivery:** Not feasible in Angus and not consistent with good practice
- External Delivery:** The most suitable method for meeting the Council’s requirement here and assuring value for money in respect of supply and installation of adaptations and a Care and Repair service.
- Single –v- multiple sourcing:** A single provider is the best approach for the minor / moderate adaptations works and also the Care and Repair service. A multiple provider arrangement is most suitable for major adaptations (Lot 3 – see below).
- Contractual Mechanism**
A conventional, openly tendered “schedule of rates”-type framework agreement is the most suitable vehicle for the adaptations supply and installation service for lots 1 and 2. Lot 3 will use a cost model for individual major adaptations to allow pricing comparison between bidders during the framework tendering stage. The lotting split is as follows:
Lot 1 – minor
Lot 2 – moderate
Lot 3 – major
An openly tendered contract or at the bidder’s option (provided it qualifies) a (competitively awarded) grant agreement for the care and repair service.

Sustainable Procurement & the Specific Equality Duty

Consideration has been given to compliance with the Council’s sustainable procurement duty (section 8(2) of the 2014 Act) requiring that, before the Council procures anything, it must think about how it can do so in a way which improves the social, environmental and economic wellbeing of the Angus area, with a particular focus on reducing inequality. It also requires the Council to consider how its procurement processes can facilitate the involvement of small / medium enterprises (SMEs), third sector bodies and supported business and how public procurement can be used to promote innovation.

In addition, the specific duty on the Council in terms of the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 requires the Council whenever it awards a “regulated procurement” contract or framework agreement which is covered by the Public Contracts (Scotland) Regulations 2012 to have due regard to the inclusion of award criteria and contract performance conditions which will help us to better perform the general equality duty (to eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010; to advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and to foster good relations between people who share a protected characteristic and those who do not).

In furtherance of these duties, provision will be included in the contracts for:

- (a) fair work practices - care and repair service;
- (b) the delivery of community benefit in terms of targeted recruitment and training, employment and apprenticeship opportunities - adaptations supply and installation service;
- (c) inclusion of requirements for training and assessment in relation to contractors’ staff and dealing well with vulnerable persons whom they may have contact with in providing these services - adaptations supply and installation service;
- (d) divide the contract into lots offering greater bidding opportunity to SMEs; and
- (e) offer a choice between “block” grant funding (albeit with input cost transparency) and commercial unit pricing to encourage third sector body participation; also provide for a more enduring funding arrangement than the current rolling annual one to support greater planning certainty for third sector bodies - care and repair service.

It should also be noted that the fundamental reason for adaptations supply and installation service contract / grant agreement is to support equality of access to adaptation opportunities by service users who need extra support.

Procurement Risks

Procurement risk will be managed in accordance with the Council’s Risk Management Strategy. A risk identification exercise was carried out in accordance with Angus Council’s Risk Management guidance. No extraordinary risks were identified (those identified were: the procurement activity is non-compliant with legislation and relevant policy, the deadlines for tendering are not met, service continuity is interrupted, unavailability of external service providers, the procurement exercise does not offer good value for money, service delivery / contractor performance is poor, reputational damage if the incumbent supplier ceases operation and/or does not bid and/or does not win its bid).

Also in line with Angus Council’s Risk Management guidance, those identified risks were analysed and evaluated (-v- “risk appetite”) with a risk treatment proposed. The risk treatments were largely addressed in terms of the procurement strategy itself but the most significant ones merit summary comment:

Risk	Analysis and Evaluation	Treatment
Service continuity is interrupted	Likelihood high, Impact major. Above appetite, wish to reduce likelihood to low-to-high and impact to marginal.	Engage with alternative interim providers, ensure availability of emergency provision should that be required.

Procurement Process / Contract Terms

The basic procurement process and contract terms in light of the above strategic conclusions are therefore to be as follows:

- There will be 2 parallel contractual vehicles -
 A conventional, openly tendered “schedule of rates”-type framework agreement is the most suitable vehicle for the adaptations supply and installation service, split into lots:
 Lot 1 – minor

Lot 2 – moderate

Lot 3 – major

An openly tendered contract or at the bidder's option (provided it qualifies) a (competitively awarded) grant agreement for the care and repair service.

- Both contract vehicles will be procured in parallel.
- The procurement timetable key dates, following the grant of procurement authority by Committee, are as follows:

PROVISION OF AIDS AND ADAPTATIONS TO HOUSING IN ANGUS - CARE & REPAIR SERVICE

Step	End Date
Publish Contract Notice and issue Invitation to Tender	15/03/2019
Tender Return Date	12/04/2019
Evaluation Completion	17/05/2019
Contract Award	31/05/2019
Contract Start Date (Latest – earlier if incumbent is successful)	01/11/2019

PROVISION OF AIDS AND ADAPTATIONS TO HOUSING IN ANGUS - INSTALLATION AND SUPPLY

Step	End Date
Publish Contract Notice	05/04/2019
Expression of interest return date	07/05/2019
Assess pre-qualification submissions	24/05/2019
Issue Invitations to Tender to select list	03/06/2019
Tender Return Date	21/06/2019
Evaluation Completion	26/07/2019
Contract Award	09/08/2019
Contract Start Date (Latest – as above)	01/01/2020

These dates remain indicative at the time of this report and will be refined in development of the invitations to tender.

If the Contract Start date is extended beyond 01/10/2019, interim service continuity arrangements will be put in place including temporary contracts using delegated powers, if required.

- The tender evaluation criteria and weightings will be fleshed out fully in each of the ITT documents but will generally be as follows:
 - adaptations supply and installation service: financial – 70% / quality 30%, quality criteria to include training and assessment arrangements for staff dealing with vulnerable persons and sustainability / equality factors referred to above.
 - Care and Repair service: financial – 40-50% / quality 60-50%, quality criteria to include sustainability / equality factors referred to above and extent to which provider can offer committed added value services complementing the care and repair service but at no extra cost to the purchasing authorities.
- The contract (framework agreement) durations would both be 3 years with an option to extend for a further 1 year.
- The total estimated value of the combined contracts would be c. £1.3m per annum, £5.2m over the whole contract period including the extension option. A price review mechanism will be included allowing annual price reviews with effect from 1 April in each year of currency of the contracts and in line with the impact of underlying input costs. This allows “real” pricing and ensures that bidders do not build in price premiums to address the risk of inflation erosion.
- The contract management approach will be at a “medium” level in line with the Procurement & Commissioning Team’s standard approach.

Major Procurement

This procurement is not considered to be a “major procurement” within the meaning of Regulation 16.8.4 (and Procurement Guidance Note 23). As such, it is proposed only to be reported to Committee for procurement authority reporting and, after conclusion of the exercise as part of annual contract award reporting.

