

APPENDIX A – Provider and Service User Engagement; Proposed Contract Model and Procurement

1. PROVIDER ENGAGEMENT

- 1.1. Officers have undertaken engagement with the market via provider surveys; 26 providers responded to initial survey (comprising of 13 current IRN Providers and 13 Spot providers). The majority of current IRN Providers who responded mentioned that there was little benefit to being on the current framework and of those Spot Providers 11 indicated that they would join the framework but they suggested the following were barriers; primarily overall costs, difficulty obtaining exceptional needs rates, which are price incentives that can be applied to packages to allow for exceptional levels of need that an adult may have. A follow up survey of just SPOT providers produced 27 responses; the biggest barriers for these providers joining the framework were; again, the prices available on the framework, not knowing about the framework and the tender process itself being too difficult. The project team have taken these barriers into account to ensure our proposal addresses these issues. ECC and CCGs hosted a Soft Market Testing Event with the market to gain their opinions on a host of initiatives considered for the new framework. This engagement has led ECC to recommend in this report the procurement of a framework whereby:
- 1.2. A ranked list will be used to prioritise care homes. The scoring matrix used will prioritise settings with a CQC (Care Quality Commission) rating of Good or Outstanding. The lowest cost setting with a rating of good or outstanding which can meet a service user's needs will score highest on the framework
 - 1.2.1. Mini competitions will be enabled for adult needs which cannot be met by placement under the ranked list.
 - 1.2.2. KPIs (Key Performance Indicators) & MI (Management Information) been refined from 42 to 15 in order to provide streamlined and effective measurements of the service, as the Providers will always have met the minimum quality requirements outlined in the procurement documents.
 - 1.2.3. Exceptional Needs may be supported by the use of a dependency tool, which is a tool that can be used to help assess and measure an adult's level of need. Our intention is to work with the market to develop a tool that can be used the life of the framework. Exceptional needs or dependency level does not impact the ranking but may have an effect on pricing. A separate decision may need be made in the life of the framework regarding the use of a dependency tool.
 - 1.2.4. The implementation of Top Up Payments are more clearly articulated in the framework agreement and accessible to framework providers

- 1.2.5. The use of a Bed Availability IT system is essential as it will to enable Top Up Payments, to understand capacity in the market and improve the placement process.

2. SERVICE USER ENGAGEMENT

- 2.1. Officers have gathered insight from service users on satisfaction with the service and their experience in selecting a care home via the IRN framework. Insight has shown that 93% of service users are satisfied with the service. Engagement on the sourcing process has indicated that service users and their families consider location and quality of care to be the most important elements when sourcing. The proposed sourcing process will include a default location radius of 10 miles but allows for further engagement with Service Users to expand or reduce that location search criteria during the sourcing process and we are prioritising working with CQC rated Good and Outstanding providers. Service users have also indicated to us that they considered that current aim of giving all service users a choice of three options was acceptable.

3. PROPOSED MODEL & PROCUREMENT

Contracting Model

- 3.1. The proposed contracting model is a 6 year multi-supplier framework contract procured using a single stage process which complies with the 'Light Touch Regime' with the following call off processes:

For ECC:

- 3.1.1. **Preferred Supplier Ranked List (PSRL)** process that will be used by ECC is to make individual placements as detailed below.
- 3.1.2. **Mini Competition:** mini competitions may be utilised in specific scenarios to meet any residential or nursing requirements which cannot be met via the PSRL because of availability of placements or the needs of the service user.

For CCGs:

- 3.1.3. CCGs will have a separate sourcing process, they will use an approved supplier list for their call offs, as there is often lack of nursing bed supply. The details of which will be agreed by the CCGs.
- 3.2. ECC and CCGs can, at their discretion, choose not to use the framework and procure an alternative solution within the life of the framework period.

Ranked Lists

- 3.3. All providers awarded onto the Integrated Residential and Nursing Framework will be included into two ranked lists known as Preferred Supplier Ranked Lists (PSRL):
- 3.3.1. Residential Ranked List
 - 3.3.2. Residential with Nursing Ranked List
- 3.4. In order to be admitted to the ranked lists, providers will be evaluated on a best value basis by ensuring that they meet the minimum quality criteria to ensure that the providers demonstrate that they can deliver the service to ECC's quality standard. Bidders will then be free to choose a price, which will determine where they are placed on the ranked list, with a lower priced home being placed higher on the list.
- 3.5. The evaluation criteria proposed above is not consistent with ECC's usual procurement evaluation criteria (70/30 of price/quality). Officers have recommended the change to the price/quality split so that all placements are selected using the approach described above. It is felt that this approach will provide ECC with a sufficient market of providers with acceptable quality standards of care for service users, whilst effectively managing overall budgetary constraints. All providers will need to achieve minimum quality criteria to be accepted onto the framework.
- 3.6. Each PSRL will include a review of provider quality scores (based on CQC) and prices selected from the pricing matrix. The tenders submitted by providers will be evaluated based on the following criteria:
- 3.7. **Pricing:** Providers will be required to select a base price from a selection of prices available per locality, developed for the procurement. There will be two pricing matrices; Residential Care, Residential Care with Nursing. The prices on the matrix will reflect inflationary increases. The rates on the pricing matrix for Residential with Nursing have significantly increased to encourage providers onto the framework, so that the ambition to purchase at least 60% of placements via the framework is met. The minimum rate on the new pricing matrix for Nursing has increased by 13.3%. The Residential rates have increased but to a lesser extent; there is confidence that ECC can secure at least 80% of placements on the new framework with the rates on offer. The minimum rate on the new pricing matrix for Residential has increased by 7.6%. These increases are based on market research and providers stating they would join with these changes in place. The projected financial effects of the new framework are set out in section 6.1.
- 3.7.1. Average Framework rate for Residential is £490.27 and the current average spot rate is £613.44 (Data taken from December 2017)
 - 3.7.2. Average Framework rate for Nursing is £559.54 and the current average spot rate is £725.51. (Data taken from December 2017)

- 3.8. **PRICING RANGE:** The current Residential pricing matrix is between £449.89 and £586.95 per week. The proposed new Residential pricing matrix is between £483.98 and £593.74 per week. The current Nursing pricing matrix is between £462.91 and £619.29 per week. The proposed new nursing pricing matrix is between £524.44 and £724.36. However, the upper limits available on the matrices vary from district to district.
- 3.8.1. **INTEGRATED PRICING MODEL: For Residential Care with Nursing, there** will be an integrated pricing matrix for the CCGs and ECC. Therefore, providers will be selecting a base price from the matrix that all organisations named on the framework can use. The rate selected from the Residential with Nursing Pricing Matrix will form the base rate for care to which an exceptional needs rate (or potentially a dependency needs rate in the future) may be applied, on top of that the FNC (Funded Nursing Care) amount of £158 will be applied to a package and paid for by the NHS. CCGs can then use that rate (Base Rate + FNC) to purchase care from or apply premiums of their own to allow for differing levels of clinical need specific to the person they are sourcing care for.
- 3.8.2. **CQC Monthly Review:** The Rank List will be reviewed monthly to amend providers CQC ratings and allow providers to move through the lists via the bed availability system.
- 3.8.3. **Inadequate Homes:** will be able to bid to join the framework at the original procurement process and at the annual refresh but will be suspended from the framework until their CQC rating meets the criteria above in 3.17.1. Only in exceptional circumstances will ECC make placements with those providers. This may be permitted when the Adult has chosen the home specifically, has been made aware of the CQC rating and this has been approved by the Director of Local Delivery.
- 3.8.4. A provider may be suspended or removed from the lists at any time during the contract if they do not maintain the minimum quality requirements or if their CQC rating drops to Inadequate.
- 3.8.5. A provider may be suspended on the framework for safeguarding reasons if they are substantiated.
- 3.8.6. The rank list prices will be reviewed on an annual basis. Providers on the Framework will have the opportunity to submit a new price from the price matrix at each annual review.
- 3.8.7. New entrants will be permitted to bid for inclusion on the Ranked List at each of the annual ranked list review dates. New entrants will be evaluated based on the original tender criteria and merged with providers already on the framework to create a reviewed list.
- 3.8.8. KPIs & MI will not influence the ranked list but will be used to monitor provider performance of the contract.

- 3.8.9. ECC reserve the rights to alter the rank list principles defined to ensure that price and quality meet with Corporate, Legislative or ECC Outcomes. This will include opening the ranked list more frequently than on an annual basis.
- 3.8.10. Providers joining the framework, who have existing packages with ECC that are lower than the minimum rate on the framework pricing matrix, will be increased to the minimum rate available on the pricing matrix

4. Placement process

Adults will be placed with providers on the IRN Framework, that are showing vacancies within the Bed Availability Tool, based on specified distance, the assessed needs of the adult and on the following basis:

UNSPECIFIED CHOICE:

- 4.1. Where an Adult does not express a preference, the Adult will be offered up to three of the highest ranked providers that are displaying vacancies on the Bed Availability Tool within the distance search criteria. The Adult will express a preference of a provider for an assessment to be carried out.
- 4.2. Where an Adult refuses offers from providers within the IRN Framework a non-framework provider will not be sourced by SPT. The Adult will be required to identify their own non-IRN framework home. If that home has availability and is within our pricing matrix rates for that locality then a spot placement will be made. If the placement is more expensive than the framework rate, then ECC could enter into an agreement with a non-framework provider with a 3rd party top up agreement for the difference in price. If 3rd party top up is not viable due to lack of funds then the Adult will be asked to review the IRN Framework suppliers that have already been offered to them.
- 4.3. Where there are no identified IRN Framework vacancies ECC would source via a IRN private vacancy or via a non-framework provider

SPECIFIED CHOICE

- 4.4. IRN FRAMEWORK PROVIDER: Where an Adult specifies a particular provider; if that provider has IRN availability, at the IRN submitted rate, and an assessment identifies they can meet the Adult's needs then the placement will be made.
- 4.5. NON IRN FRAMEWORK PROVIDER: Where an Adult specifies services from a particular provider outside of the IRN Framework, if that home has availability and is within our pricing matrix rates for that locality then a spot placement will be made. If the placement is more expensive than the framework rate then the Adult will be offered up to three alternative IRN providers that have vacancies to consider as an alternative. If the Adult prefers to continue with the non-framework provider, they can only do so if they have

the means to enter into a 3rd party top up agreement, otherwise they will need to take up the placement in one of the IRN providers with vacancies.

- 4.6. Adults will be offered at least one provider that is able to meet their assessed social care needs. This offer will where possible be within the IRN Framework. The Service Placement Team (SPT) will endeavour to offer at least three placements where this is possible on the IRN Framework.
- 4.7. A non-Framework provider will only be contracted where there are no vacancies within the IRN Framework that can meet the individual's needs.
- 4.8. Non-framework providers will not be contracted where SPT have found a vacancy that meets the individuals needs within the IRN Framework, unless a top up payment for the difference can be obtained.

TOP UPS

- 4.9. In some cases, a person may actively choose a setting that is more expensive than the amount identified as sufficient to meet their needs by ECC. A top-up payment is the difference between the cost of the care home that ECC are offering and the cost of the home chosen by the adult. The contract will include precise conditions determining when such top-up agreements can be entered into and how ECC's financial position will be secured in the event that the agreement is not upheld by the funder of the top-ups.
- 4.10. The Placement process for Service Placement Team (SPT) will be included within the Framework to ensure providers are aware of the planned process from June 2019. ECC and CCGs will reserve the right to make alterations as and when system and business changes are necessary, or if improvements have been defined.