

ADULTS AND PUBLIC HEALTH BOARD 12 August 2013



Report of the Strategic Director of Resources

Housing Related Support Procurement

SUMMARY

- 1.1 Cabinet will be considering whether to proceed with a contract award for the provision of housing related support services at its meeting on 14th August 2013. On the 30th January 2013, the Council agreed its Medium Term Financial Plan, which included savings from the housing related support budget in both 2013/14 and 2014/15. On 20th March 2013, Cabinet agreed a revised strategy to achieve the required budget reductions, including the commissioning priorities and subsequent procurement programme.
- 1.2 As agreed by Cabinet, an EU compliant competitive open tendering exercise was used to procure the required housing related support services for the Council.
- 1.3 The Council currently has a contract with a number of providers to deliver housing related support and these contracts expire at the end of September 2013. The contract award proposed will replace previous contracts and also help deliver the required budget savings.
- 1.4 Scrutiny are asked to consider and comment on the process used to verify that it has been conducted in a fair, open and transparent manner; it is proportionate to meet the desired outcome; due consultation and the consultation of professional advice from officers has taken place; clarity was provided of aims and desired outcomes; and that there is sufficient evidence to demonstrate a record of what options were considered and the reasons for those decisions.

RECOMMENDATION

2.1 To consider and comment on the elements indicated in 1.4 relating to the process that has been used to procure the housing related support services in advance of Cabinet considering the contract award at its meeting on 14th August 2013.

REASONS FOR RECOMMENDATION

3.1 To ensure that the Cabinet consider the views of Scrutiny Members when considering the contract award in relation to housing related support services.

SUPPORTING INFORMATION

- 4.1 On 26th November 2012, the Council released its Revenue Budget proposals for 2013 16 which proposed revised savings targets from housing related support expenditure. In light of this, on the 5th December 2012, Cabinet agreed not to proceed with the planned tender programme at that time that would have achieved the level of savings previously agreed for 2013/14. This was because at that time, the level of funding that would have been made available to support the tender programme would not have been sufficient to secure the required services over the life of the contract. On the 20th March 2013, Cabinet agreed its Medium Term Financial Plan and the budget for housing related support in 2013/14 was set to be £3.765m, reducing to £1.765m in 2015/16. Cabinet also approved a revised strategy for achieving both the 2013/14 and 2014/15 budget reductions required from housing related support expenditure.
- 4.2 Communication with members has been on a regular basis. Reports have been taken to Cabinet detailing the consultation that has taken place and options considered with reasons for the recommendations. See Cabinet Report 17th April 2012 and Cabinet Report dated 20th March 2013.

Providers were invited to discuss the further reductions. **See Appendix 2.**

- 4.3 On the 3rd April 2013, following seeking advice and guidance from the Council's Procurement Team, a tender programme commenced and was advertised on the Council's e-procurement portal wwww.sourcederbyshire.co.uk, and in the European Journal as an Open EU tender in the interests of openness and compliance with legislation. The process was proportionate to the size of the contract value and dictated by EU Legislation.
 - Current providers were also signposted to the advertisement. The tender was split into the following four lots:
 - **Lot 1** The provision of accommodation based support to provide 30 emergency bed spaces for young people at risk between the ages of 16 18. This service would be expected to provide up to 7 hours of direct support per household per week with target lengths of stay at the service being no more than 3 months.
 - **Lot 2** The provision of accommodation based support to provide 25 emergency bed spaces for people at risk of domestic abuse. This service would be expected to provide up to 7 hours of direct support per household per week with target lengths of stay at the service being no more than 3 months.

- **Lot 3 -** A recovery and re-ablement service for the provision of a medium intensity support service to accommodate 25 people to provide an integrated service with relevant statutory services primary care, mental health services, drug and alcohol services and/or Probation. It was expected that this service will need to support up to 100 people per year, providing medium intensity support of up to 7 hours a week per person, for an average of 3 months.
- **Lot 4 -** A recovery and re-ablement service for the provision of a high intensity support service that can accommodate 37 people in managed/ controlled accommodation environment who support needs require stabilising before there can be progression to a less intensive level of support. It was expected that this service will need to support up to 75 people per year, providing a high intensity level of support of 10 hours a week per person, for an average of 6 months.
- 4.3 During the tender period, several clarifications were raised and additional information requested in respect of all lots. These were recorded and distributed through the e-tendering system to all the tenderers in writing in the interests of fairness and to provide an audit trail of communication.
- 4.4 Eight tenders were received, with no tenderer bidding for all four lots. Two organisations bid to deliver three lots and the remaining five organisations bid to deliver single lots. The bids were from established social housing providers or charities, all of whom have some current housing and/or support service activity in Derby although not all necessary with the target client groups of the service specifications.
- 4.5 The tender evaluation was conducted strictly in line with the assessment criteria and process as stated in the tender documents received by the bidding organisation. The evaluation was in two parts. Stage One focused on *Business Information*, a section that is designed to assess suppliers on the following grounds:
 - Eligibility for public contracts in regard to the grounds specified in regulation 23 of the Public Contract Regulations 2006.
 - Economic and financial standing
 - Technical capacity and ability

These selection criteria are the minimum standards which the Council requires, and are therefore of a 'pass/fail' nature. Any organisation that failed on any of the selection criteria does not proceed to the next round of evaluation. Sections such as financial viability, equalities, health and safety, etc are assessed by Council professionals within those fields, to obtain their advice on the suitability of the organisations. Two bidders failed the business requirement sections. The selection criteria used in Stage One are listed in **Appendix 3**.

Stage Two is concerned about the quality and price of the bids and the award criteria, weightings and scoring used is detailed in **Appendix 4.**

To ensure that the quality of support offered under the contracts delivered against the outcomes detailed in the service specifications, a 60:40 quality: price ratio was used. This weighting was decided upon following advice and guidance from the Council's Procurement Team. The evaluation panels were made up of key commissioning stakeholders in Public Health, Adults Health & Housing and the Children and Young People's Directorates. The evaluation and the moderation exercises were carried out on the basis of written submissions and did not require bidders to make any presentations or undertake clarification interviews. The written submission is known as the "method statement" and provides bidders with an opportunity to demonstrate they are competent to deliver the required service specifications.

Bids were assessed individually by the evaluation panel and the moderation of those scores was conducted with a representative from the Procurement Team to ensure compliance and consistency.

Information was collated and weightings applied to identify the preferred bidder for each lot. The Procurement representative independently verified the final scores and checked them for accuracy. A peer review within the procurement team was also conducted in the interest of due diligence and checking compliance.

- 4.6 The Council wrote to all bidders confirming its intension to award contracts to the preferred bidders, detailing the unsuccessful bidders score against the preferred bidders score. Feedback on the reasons for the bid being unsuccessful at Stage One assessment was disclosed in the letters and for those bidders that were unsuccessful at Stage Two, feedback on each quality question response was included, in the interests of openness, compliance and to give constructive information for any future bids. Following the judgement of the European Court of Justice in the case of Alcatel (C81-98) the Council is required to introduce a standstill period between notifying bidders about the proposed contract award and commencing the process of entering into a contractually binding agreement for the provision of the services. The standstill period is to allow unsuccessful bidders the opportunity (should they wish to do so) to apply to the Courts for the award decision to be suspended or set aside. The standstill period within this process commenced on 9 July 2013 and was originally due to end on 19 July 2013, however due to ongoing queries that could not be resolved in the original timescale; this was extended until 5th August 2013.
- 4.7 As there were bids that met the business requirements and quality thresholds, within the budget available for all lots, Cabinet will be asked to provide approval to process with the contract award at its meeting on the 14th August 2013. Scrutiny Members are asked to consider and comment on the procurement process set out in the appendices with particular regard to the EU compliance of the tender methodology.

OTHER OPTIONS CONSIDERED

5.1 Cabinet will have the option not to proceed with the contract award, however this is not being recommended as the procurement process was able to secure suppliers for all four lots who met the quality threshold and whose bid price was within the available budget.

In addition, Cabinet previously agreed a limited number of existing housing related support contracts were offered contract extensions to the end of September 2013, following the termination of all previous contracts at the end of March 2013, to maintain a portfolio of high priority services during the procurement programme. Delays in awarding the tender could mean a gap in the provision of accommodation and support for people at risk of homelessness from October 2013. It could potentially also result in additional unplanned expenditure for the Council.

This report has been approved by the following officers:

Legal officer	N/A
Financial officer	N/A
Human Resources officer	N/A
Estates/Property officer	N/A
Strategic Director(s)	Cath Roff, Strategic Director for Adults, Housing & Health
Other(s)	N/A

For more information contact: Background papers: List of appendices:	Kirsty Everson 01332 642743 e-mail: Kirsty.Everson@derby.gov.uk Cabinet reports 17/04/2012 and 20/03/2013 Appendix 1 – Implications Appendix 2 – Letter Inviting Providers discussion Appendix 3 – Selection Criteria Appendix 4 – Award Criteria and Scoring
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IMPLICATIONS

Financial and Value for Money

1.1 Following the Medium Term Financial Planning (MTFP) process, the budget for housing related support services will be £1.675m in 2014/15 and beyond. The total value of the contracts proposed is within the available budget and the anticipated total contract value was stated within the tender as being £800 - £1m per annum.

The other commitments against the budget relate to the high risk offender contract which commenced on 1st April 2013 and the funding provided to the Council's Milestone House and Housing Options services to provide emergency accommodation and advice, information and assistance to people at risk of homelessness. This service will also act as the main referring agent into the services being procured under this tender.

Legal

2.1 The tender complied with EU regulations and will ensure that the most economically advantageous bids are those receiving funding from the Council. The successful organisations will need to take account of TUPE regulations and ensure that any TUPE transfers take place to coincide with the commencement of the contracts.

Personnel

3.1 None directly arising.

Equalities Impact

4.1 None directly arising. A previous Equalities Impact assessment was completed to assist Cabinet considering its original decision about savings from the housing related support budget.

Health and Safety

5.1 None directly arising.

Environmental Sustainability

6.1 None directly arising.

Property and Asset Management

7.1 None directly arising.

Risk Management

8.1 None directly arising

Corporate objectives and priorities for change

9.1 The services that are being procured to provide housing related support services will assist the Council to deliver against the following outcomes:

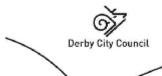
A thriving sustainable economy – by contracts being successfully awarded to local organisations and businesses

Good health and well-being – by supporting vulnerable people to be as independent as possible and learn independent living skills

Being safe and feeling safe – Supporting People services are targeted at people whose circumstances make them vulnerable and help mitigate their vulnerability

Appendix 2

LETTER INVITING PROVIDERS DISCUSSION DATED 16TH JANUARY 2013



one Derby one council

Your ref

ur ref KW/KE

Contact Kirsty Everson

email Kirsty.everson@derby.gov.uk

Tel 01332 642743
Fax 01332 716890
Minicom 01332 256666
Date 16 January 2013

Housing Related Support Providers

Dear Provider

I am writing to invite you to a meeting this Friday, 18th January 2013, with Cllr Bayliss, Cllr Hussain and Cllr Shanker to discuss the proposed further reductions to the housing related support budget.

The meeting will provide an opportunity for you to raise any questions or concerns that you may have. You will be aware that Cabinet will be considering the wider Council's budget proposals next week.

The meeting will take place at the Council House in the Joseph Wright Room on the 1st Floor, between 4pm and 5pm. I apologise for the short notice, however this is the only available date where all Councillors are available.

Please note this meeting is aimed at housing related support providers. Seating in the room is limited, so please can you confirm whether you wish to attend by return, and also confirm who will be attending. Can I ask that you send only one representative per organisation?

If you have any specific questions you would like to be considered in advance, I would be happy to send those on to the Leader's Office.

Yours sincerely

DD K. Z. Wayner

Kirsty Everson Head of Integrated Commissioning – Younger Adults









Adults, Health & Housing | Room S33, Middleton House, 27 St Mary's Gate, Derby, DE1 3NN| www.derby.gov.uk

Appendix 3

SELECTION CRITERIA: BUSINESS INFORMATION [AS PUBLISHED IN THE TENDER DOCUMENTS]

Selection (Qualify	Selection (Qualifying) Criteria			
Compliance of bid with tendering procedure	Tenderers must submit a fully compliant tender, complete with a signed Form of Tender & Collusive tendering certificate. A bid that is not fully compliant, or without the declaration certificates appropriately signed will fail.	Pass / Fail		
Company Details (Section A of the Tenderer Questionnaire)	Tenderers must answer all questions contained within the Company Details section.	Information purposes only		
Professional Standing (Contract Regulations Compliance) (Section B(i) and B(ii) of Tenderer Questionnaire)	Tenderers must answer all questions contained within the Professional Standing section. Any Tenderer who has been convicted of any of the offences listed in Section B(i) or who answer 'Yes' to any question in Section B(ii) will fail unless they have provided a satisfactory explanation regarding what has been done to address and resolve the matter concerned	Pass / Fail		

Selection (Qualif	ying) Criteria	Result
Financial Viability (Section C of Tenderer Questionnaire)	A bidding organisation will be deemed to pass a financial viability test to perform the contract providing that it can demonstrate ONE of the below checks: 1) It is a public sector based organisation (Local Authority, Health trust) etc. Or 2) By the membership of a relevant trade association / framework arrangement that it is already "pre-approved" to undertake a contract to the financial size of the tender. Please submit a copy of the relevant membership certification showing the financial approval levels assessed. Or 3) The Council will undertake an external credit check on the organisation to establish its financial stability. Where the independently assessed maximum recommended contract value exceeds the contract value the organisation will pass. Or 4) An organisation will have to pass the below financial test, covering the last two financial periods on their balance sheet: 1. Return on capital employed of 5% or more 2. Liquidity ratio 1:1 or above. 3. Solvency test – a positive net asset position	Pass / Fail
	5) Where a third sector / voluntary group /social enterprise or equivalent not for profit organisation is unable to provide sets of accounts. The organisation will have to pass a cash flow forecast check for the life of the contract.	
Insurance Cover (Section D of Tenderer Questionnaire)	Tenderers must have the minimum levels of insurance which are as follows: • £5m Public Liability Insurance • Appropriate level of Employer's Liability Insurance or be willing to increase their current insurance levels to the above levels if they are successful. (Question D2). Any bidder who does not meet the minimum insurance levels and is not willing to increase their insurance policies if awarded the contract will fail.	Pass / Fail

Selection (Qualif	ying) Criteria	Result
Experience & References (Section E of Tenderer Questionnaire)	Tenderers must answer all questions contained within the Experience of the Company and References Section. Tenderers should possess the following: 1) a recent and extensive track record of success in providing the required type of services (ideally to UK public sector bodies or organisation of similar size) 2) a minimum of two satisfactory references with either the public or private sector that your organisation has held in the last three years that are relevant to the Authority's requirement. Any tenderers who cannot provide confirmation of satisfactory references and track record will fail. References must be sent at the latest to referees by 13 May 2013 to allow sufficient time for referees to complete and return the questionnaire. Referees must submit references electronically [by email] and directly to the Commissioner by 11.00am, 21 May 2013. A covering reference letter and questionnaire are attached below. [see E6]	Pass / Fail
Contract Performance (Section F of Tenderer Questionnaire)	Tenderers must answer all questions contained within the Contract Performance Section. Any tenderer who has had a contract terminated for poor performance will fail	Pass / Fail
Business Continuity / Risk Management / Disaster Recovery (Section G, Question G1 of Tenderer Questionnaire)	Tenderers must answer all questions contained within the Business Continuity / Risk Management / Disaster Recovery Section Tenderers will be expected to provide evidence that they have a suitable business continuity / risk management plan in place. Any tenderer who fails to provide this will fail.	Pass / Fail

Selection (Qualifying) Criteria Result				
Health & Safety (Section H, Questions H2, H3, H6, H8, H9 & H11 of Tenderer Questionnaire)	 Tenderers must answer all questions contained within the Health and Safety section. The following will constitute a fail. If the organisation employs 5 or more employees but does not have a written appropriate health and safety policy If no competent adviser appointed to give health and safety advice If the organisation has no procedure for reporting and recording accidents and dangerous occurrences If the organisation have had any HSE or Local Authority enforcing action in the last five years and cannot demonstrate appropriate remedies in relation to the enforcing actions. 	Pass / Fail		
Quality Assurance (Section I of Tenderer Questionnaire)	Tenderers must answer all questions contained within the Quality Assurance Section. The following will constitute a fail: • If your organisation doesn't hold a recognised quality management certification or a documented quality management System	Pass / Fail		
Safeguarding (Section J of Tenderer Questionnaire)	Tenderers must answer all questions contained within the Safeguarding Section. The following will constitute a fail: If a tenderer is unable to answer yes to questions 1- 4; If the tenderer is unable to provide written, reviewed and dated policies of less than three years old. If the tenderer is unable to provide a satisfactory response to question 5, and unable to demonstrate corrective action and remedies; Derby City Council's Safeguarding Adults and Children's Policy are attached below for reference. Safeguarding Adults Appendix 1 Part 2 (Contract).pdf Safeguarding Childrer	Pass / Fail		

Selection (Qualify	Result	
Equality & Diversity (Section K of Tenderer Questionnaire)	Tenderers must answer all questions contained within the Equality & Diversity Section. The following will constitute a fail: 1. If your organisation doesn't hold an equality/diversity policy committed to and covering, age, disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief, sexuality and marriage and civil partnerships. 2. If your organisations' policy on equal opportunities/diversity is not set out in the required documents 3. If your organisation does not demonstrate that actions are in place to remedy any previous findings of unlawful discrimination. The Council's Lead on Equality and Diversity will view the information and may contact the organisation should there be a need for further clarification	Pass / Fail
Environmental Management (Section L of Tenderer Questionnaire)	Providers must answer all questions contained within the Environmental Management. This Section is for information purposes only, although bidders will be expected to show how environmental issues are taken into consideration within this contract.	For information only
Qualification of offer	Any Qualification of offer deemed unacceptable by the evaluating officers will lead to failure of the tender. An example of this would be material changes to the terms and conditions, although the Council reserves the right to consider each case on its merits, and assess the risks and implications involved in proceeding. Any qualifications of offers deemed unacceptable will be referred to tenderers, who will be given the opportunity to retract the qualification.	Pass / Fail

STAGE TWO: AWARD CRITERIA AND SCORING [AS PUBLISHED IN THE TENDER DOCUMENTS]

If a tender submission meets the minimum requirements of the Selection Criteria then the tenderers responses to the award criteria will be assessed, and scores awarded according to their merits. How scores will be awarded is detailed below:

Price – 40%

In the example below, price accounts for 40 points and therefore the quality aspect would be marked out of the remaining 60 points.

The maximum price score is given to the lowest submitted price. Other price scores will be calculated as a percentage of the maximum score based on their price in relation to the lowest price.

For example, in the table below bidder 3 has submitted the lowest price and therefore receives maximum points. Bidder 1 has submitted a price 25% higher and therefore receives a score 25% lower.

Bidder	Price	Points	
1	£125,000	30	
2	£185,000	6	
3	£100,000	40	
4	£150,000	20	
5	£225,000	0*	

*If a bid is more than twice the amount of the lowest price the equation will produce a negative number, in this case the bids score 0 points. Please note the figures used in the above table are purely for example purposes only and are not a reflection of anticipated tender prices.

Quality – 60%

Suppliers will be scored on their responses to the Supplier Responses and Proposed Working Method Questions in relation to the requirements of the specification. The weighting applied to each of the quality sub criteria is shown in the table below:

Method statement questions - all suppliers provide written statements, specific to their chosen lot, and must provide an "acceptable" response as per the table below. The questions relate to lot 1 as an example of the format and level of detail provided to bidders:

Quality Score

As the pre-determined quality/price split is 60/40 the highest quality score is allocated the maximum 60% with the other tenders given a pro-rata score reflecting the difference.

Interpretation of Weightings & Scoring

Interpretation	Weightings
High Importance	20
Medium / High Importance	15
Medium / Low Importance	10
Low Importance	5

0	Completely unsatisfactory response – Nil response to question
1	Completely unsatisfactory response – Limited information or Respondent would not have ability in delivering the required standard.
2	Unacceptable response – Respondent would only meet some of the requirements of the contract some of the time.
3	Acceptable response – Respondent would be likely to meet basic contract standards but further work may be required to ensure standards are met consistently.
4	Good response – clearly indicating Respondent has fully understood and can consistently apply and deliver all the required contract standards.
5	Excellent response – Comprehensive understanding of the requirements and demonstrates that they are likely to exceed the required standards of the contract.

	TENDER EVALUATION CRITERIA Emergency Crisis Intervention – Lot 1	Maximum Quality Score	Weighting (%)	
	Ability to deliver requirements within the Service Specification	Score (0-5)	60 Weighting	Weighted Sub Total
M.1	Compliance with the specification	5	20	100
M.2	Service Infrastructure	5	15	75
M.3	Accommodation location, operation and arrangements	5	10	50
M.4	Addressing needs of compromised accommodation	5	10	50
M.5	Office provision in Derby City	5	5	25
M.6	Night Stop service requirements	5	15	75
	Evidence and knowledge of Risk Management			
M.7	Contract delivery risks and minimisation	5	15	75
M.8	Managing the risk of harm and interventions	5	10	50
	Knowledge and understanding of Communication and Engagement			
M.9	Mechanisms for robust relationships	5	10	50
M.10	Successful engagement with customers	5	10	50
	Evidence of Performance and Contract Delivery	T		
M.11	Self monitoring and communicating targets	5	5	25
M.12	Meeting outcomes	5	20	100
M.13	Successful move on with customers	5	20	100
	Demonstration of innovative approaches and practices			
M.14	Enhancing or exceeding the specification	5	5	25
	Understanding and good practice of Sensitive Information			
M.15	Understanding the difference between Information Sharing, Data Protection and Confidentiality.	5	5	25

	Evidence and knowledge of Service Implementation			
M.16	Dealing with transitional arrangements and TUPE	5	5	25
	Demonstration and knowledge of Policy and Guidance			
M.17	Embedding Safeguarding within the service	5	10	50
M.18	Supporting and promoting Equality	5	5	25
M.19	Customer involvement and service delivery	5	5	25
	Evidencing Specialist Skills and Achievements			
M.20	Integrated working, dealing with barriers and emerging best practice	5	10	50
M.21	Skills, experience, CPD and specialism's of staff to support customers	5	10	50
	Grand Total Score			
		Rank		1
	Tender 0	Quality Score		60.00