

# In-Sourcing or Commission? A consistent way to assess the 'make or buy' options for delivery

The Joint Administration has expressed an interest in exploring in-sourcing where possible. To enable service commissioners to make this decision as consistently and swiftly as possible, especially where there is an upcoming procurement to be undertaken, the following template has been designed for completion as an initial viability test of the in-sourcing option.

**The question of in-sourcing should be considered at the earliest opportunity, and so this template fits in two places: in the business planning tools at business case development and as part of the procurement guidance prior to any tendering/Request for Quotation exercise.**

If the service/product being procured has been through the business planning process in the last two years where in-sourcing was considered and the marketplace has not changed, this template does not need to be replicated. However, not all intended procurements go through business planning so for a contract renewal or tender process that has not been involved in business planning in the last two years, or importantly where the market has changed considerably, this template should be completed.

This template is intended to be completed by commissioners as the area experts. Even for larger contracts, it should not take more than two hours. It is a quick review that gives a high-level initial view as to whether the in-sourcing option would be optimal; this is not a full options appraisal. This means, for example, that detailed financial figures are not needed, just identification of the likely areas of cost, whether they are significant, and if they link to other upcoming contracts for economies of scale.

A completed example can be seen for a 2021 [Cleaning](#) contract renewal.

With any questions, please contact: [daniel.quantrill@cambridgeshire.gov.uk](mailto:daniel.quantrill@cambridgeshire.gov.uk)

## First Review Questions for Make vs Buy Decision for Upcoming Tendering Exercise

The review output is a recommendation to either proceed with a procurement exercise or an options appraisal to explore how to in-source the product/service going forward.

Existing Contract Reference (if applicable):

Date/s of Review: 12/02/2024

Name of Reviewer: Charlotte Knight

Briefly outline the current product/service that is provided to the Local Authority:

*[Confirm if this is a new need through business planning, or a contract renewal. Provide a summary of all aspects provided in the current situation: what, where, how, etc. If commissioning for a small, physical asset (such as a bulk-order of IT equipment) that is unsuited to a 'make' option, state this.]*

This procurement relates to a contract renewal to the provision of care and support services for four extra care schemes in Cambridgeshire. The service includes a waking night service in case of emergency calls from tenants living in the schemes and for the provision of planned night care in accordance with tenant's care assessed care needs. The core service also includes daytime hours and where people's care needs exceed this element of the contract then the provider is paid for additional hours in line with tenants assessed care needs as set out in their individual support plans. The four schemes this procurement relates to are:-

- Jubilee Court, Fenland
- Doddington Court, Fenland
- Park View, Huntingdonshire
- Nichols Court, South Cambs.

The current contract for the provision of care and support in these services is due to end in April 2025 following a 1 year contract extension. It is recommended that the new contract is for a term of 3 years with a provision to extend by 2+2 years.

<b>1: Outline the new specification for the service/product provision.</b>
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<i>[State the need. What key aspects must the contract/provision meet?]</i>
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The delivery of care and support services as outlined in the Extra Care specification. Whilst alterations to the specification may be made at the outset of a tender, the fundamental care provision remains the same. That being that delivery of core contracts hours, both during the day and at night (24/7 service).
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<b>2: Outline any fundamental/significant changes required to the product/service being delivered in this new specification.</b>
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<i>[In what ways, if any, does the new or proposed specification differ to the current situation, why?]</i>
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There are no fundamental or significant changes required to the service being delivered in the new contract/specification.
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<b>3a: Does the new specification broadly cover what was delivered in the previous contract?</b>
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<i>[Are responsibilities changing, is the scale or scope of the service changing?]</i>
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The scale and the scope of the service remain broadly the same.
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<b>3b: What would be the length of the contract if the LA went to the market?</b>
<p>The Council is going to the market for an open tender. The contract term will be for 3 years with an option to extend by 2+2 years.</p>
<b>4: Was this service/product in-house in the past? When?</b>
<p><i>[Any previous examples of consideration or attempts to in-source?]</i></p> <p>This service has not been in-house in the past. However, another Extra Care Scheme has previously been outsourced. The outcome of this was not favourable as the in-sourced provision serviced notice in 2015 and the Council are still paying additional TUPE costs for those staff who transferred to the now-outsourced provides but on CCC terms and conditions.</p>
<b>5: List the rationale/reasons why this product/service was originally outsourced.</b>
<p>N/A</p>
<b>6: Are you satisfied with the product/service delivery from outsourced providers? Please list reasons if answer is No.</b>
<p><i>[Reference operational performance, KPIs and any relevant concerns]</i></p> <p>Yes.</p>
<b>7: A/ Outline what an in-house delivery model option could look like. B/ Has this product/service been successfully in-sourced by other Local Authorities? C/ What type of delivery models are used by other Local Authorities?</b>
<p>A/ <i>[How would we deliver the service if in-sourced?]</i> Operational on-site care teams at each of the Extra Care locations. This would need to be managed centrally within ASC operations.</p> <p>B/ <i>[If yes, provide a named example(s)]</i> Some Local Authorities do provide care hours in Extra Care schemes but generally the care provision is outsourced.</p> <p>C/ <i>[Outline the models used]</i> We are aware that our immediate neighbours (Essex, Bedford, Suffolk, Peterborough, and Norfolk) use a similar delivery model to CCC.</p>
<b>8: Does it require significant investment from the Local Authority? Outline types of investment required, e.g. technology, equipment, buildings, staff requirements.</b>
<p><i>[What support, resource and input would be required to in-source this?]</i></p> <ul style="list-style-type: none"> <li>- Infrastructure costs – need for new teams, directly employed care staff, and managers</li> <li>- Greater cost of CCC staff compared to out-sourced staff e.g. pension contributions</li> <li>- CCC would need to fund equipment for the staff at services e.g. portable devices</li> <li>- Additional staffing costs e.g. training and agency staff to cover vacancies</li> </ul>
<b>9: Can the contract be “split” with some provision in-house and some from (an) external provider(s)?</b>
<p><i>[Are there providers who could take on parts of the contract, what impact would this have – does it make in-sourcing more viable?]</i></p> <p>Contract cannot be split as the current model requires dedicated hours on-site 24/7. Having more than one agency on-site for different periods would be confusing for residents and partners.</p>

**10: Does the contract require high skill levels?**

*[Do these skills exist in the Local Authority currently? If not, how easy will it be for the Local Authority to obtain these skills?]*

The contract requires suitably trained care staff and managers.

**12: What are the risks to the Local Authority if the in-house arrangement fails to deliver?**

*[State the different challenges and risks – financial, performance, reputational, exit etc]*

- Potential to leave x4 extra care schemes un-staffed causing negative impacts to tenants and reputational damage to the Council. This would also mean covering via agency workers which would increase costs significantly.
- Outsourcing would be challenging due to TUPE implications
- Redundancy costs
- The council ends up funding a much higher cost service to ensure continuity of care and support for residents.

**13: A/ Is there a healthy level of competition from the private sector for the delivery of this work?  
B/ is there a risk of market consolidation that could leave us with an uncompetitive market?**

A/ *[Is there an active market or proven framework; decent market engagement?]* Yes, there is a wide variety of providers in this market and historically tenders for this type of service have received healthy levels of interest.

B/ Yes, however this is being managed by ensuring that no provider can have a monopoly on the market.

**14: Would in-sourcing this contract give greater control to the LA to protect the most vulnerable? If Yes, please outline.**

*[EDI and Protected Characteristics considerations – making sure we aren't unfairly impacting any group(s) of citizens]*

No.

**15: What are the environmental and social value impacts of in-sourcing this contract?**

*[How could environmental considerations or social value be increased through an in-sourced delivery? Or would an external supplier be able to deliver more against those priorities?]*

No/very limited environmental impacts to in-sourcing. The Council do not own the building and therefore have no control over this element. In-sourced care staff would need to adhere to any CCC environmental policies which may have a greater impact compared to a third parties' environmental policies.

Social value – current out-sourced providers are required to deliver social value as part of the tender process.

**16: Can this service be scaled up and on-sold to other organisations?**

*[Outline how this could happen]*

No. Most Extra Care schemes require locality based staff. Staff would need to be deployed to other LA's which would also require satellite office bases being established.

The content of this document forms the base of evidence behind a recommendation to either proceed with a detailed Options Appraisal to bring this product/service in-house in some form or to proceed with a

procurement exercise. Once the commissioner's recommendation of whether to in-house or continue to a tendering exercise is made, no review from Commercial is required unless the contract value is above £500k. The completed template should be saved with the other relevant records of the procurement exercise.

**Recommendation and Rationale:**

The recommendation is to continue to a competitive tendering process. There is a vibrant provider market with a good level of competition. Additionally, there is overlap with the home care provider market which enables creative use of local care staff e.g. redeployment in light of sickness/absence cover and the ability to flex staffing numbers to meet extra demand.