



NOTICE OF MEETING

Cabinet Procurement Committee (Special Meeting)

MONDAY, 19TH JANUARY, 2009 at 18:30 HRS - CIVIC CENTRE, HIGH ROAD, WOOD GREEN, N22 8LE.

MEMBERS: Councillors Adje (Chair), Bevan, Kober and Reith

AGENDA

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

A member with a personal interest in a matter who attends a meeting of the authority at which the matter is considered must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

A member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the member's judgment of the public interest **and** if this interest affects their financial position or the financial position of a person or body as described in paragraph 8 of the Code of Conduct **and/or** if it relates to the determining of any approval, consent, licence, permission or registration in relation to them or any person or body described in paragraph 8 of the Code of Conduct.

3. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

To consider any requests received in accordance with Standing Orders.

**4. PREPARATION FOR PERSONALISATION - EXTENSION OF CONTRACTS
(PAGES 1 - 8)**

(Report of the Director of Adult, Culture and Community Services): To seek approval to the extension of block care contracts for services that will be the most heavily affected by the introduction of personalisation to allow completion of an informed commissioning strategy for future services.

5. PREPARATION FOR PERSONALISATION - DOMICILIARY CARE BLOCK CONTRACTS - EXTENSION IN ORDER TO TENDER (PAGES 9 - 16)

(Report of the Director of Adult, Culture and Community Services): To seek approval to extend the current domiciliary care block contracts until 31 March 2009 in order to allow time for the formal tendering process to take place.

6. EXCLUSION OF PRESS AND PUBLIC

The following items are likely to be the subject of a motion to exclude the press and public as they contain exempt information relating to the business or financial affairs of any particular person (including the Authority holding that information).

Note from the Head of Local Democracy and Member Services

The following items allow for consideration of exempt information (if required) in relation to items 4 and 5 which appear earlier on this agenda.

7. PREPARATION FOR PERSONALISATION - EXTENSION OF CONTRACTS (PAGES 17 - 18)

(Report of the Director of Adult, Culture and Community Services): To seek approval to the extension of block care contracts for services that will be the most heavily affected by the introduction of personalisation to allow completion of an informed commissioning strategy for future services.

8. PREPARATION FOR PERSONALISATION - DOMICILIARY CARE BLOCK CONTRACTS - EXTENSION IN ORDER TO TENDER (PAGES 19 - 20)

(Report of the Director of Adult, Culture and Community Services): To seek approval to extend the current domiciliary care block contracts until 31 March 2009 in order to allow time for the formal tendering process to take place.

NOTE BY HEAD OF LOCAL DEMOCRACY AND MEMBER SERVICES

In accordance with Part Four Section B Paragraph 17 of the Council's Constitution only the business shown on the notice convening a special meeting may be considered and no other business shall be considered.

Yuniea Semambo
Head of Local Democracy
and Member Services
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Wood Green
London N22 8HQ

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8 January 2009

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Agenda item:

[No.]**Procurement Committee****On 19th January 2009**Report Title. **Preparation for Personalisation - Extension of Contracts**Report of **Mun, Thong Phung Director of Adult, Culture & Community Services**

Signed :

Contact Officer : Margaret Allen, Assistant Director of Adult Culture & Community Services

Tel: 020 8489 3719

Email: Margaret.allen@haringey.gov.ukWards(s) affected: **All**Report for: **Key Decision****1. Purpose of the report**

- 1.1 That Members agree a framework which will allow the extension of those current care contracts deemed appropriate for extension for varying times, up to a maximum date of 31st March 2011 to allow the Council to prepare for the Government's Personalisation Agenda as allowed under CSO 13.02
- 1.2 That Members agree to delegate this authority to the Director in consultation with the Cabinet Member for Adult Social Care & Wellbeing to extend contracts on an individual basis where each organisation demonstrates that it remains fit for purpose and provides value for money.
- 1.3. That Members agree that the Director, in consultation with the Cabinet Member for Adult Social Care & Wellbeing, may extend some contracts for up to a further two years if necessary.
- 1.4 That the service will return to Cabinet in December 2009 to update on progress

2. Introduction by Cabinet Member

- 2.1 It is evident that the personalisation agenda represents a significant change for adult social care in the way that services are procured, contracted for and delivered. The Council is committed to this agenda.
- 2.2 The officers in ACCS are working to efficiently manage the change process surrounding contractual arrangements with the Council's providers. Full consideration is being given to the possible impact of such changes on users of service, whilst maintaining value for money for the Council.
- 2.3 The contract extensions proposed will support the delivery of the emerging personalisation agenda, which gives residents far greater control over the resources used to provide care.
- 2.4 For these reasons, I agree with and support the approach detailed in this report, in order to ensure the future delivery of flexible services with providers that offer quality and value for money.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1 The Government's Personalisation Agenda will radically change the way in which services are provided to clients. These changes will almost certainly negate the need for Haringey to maintain contracts at the current level. It is also envisaged that the type of services required will change radically.
- 3.2 The Council is required to have significantly progressed on its implementation of the Personalisation Agenda by March 2011.

4. Recommendations

- 4.1 That Members agree the contracts/agreements listed at Appendix A (exempt information) be extended for varying periods up to a maximum date of 31st March 2011.
- 4.2 That Members agree to delegate the Authority to the Director, in consultation with the Cabinet Member for Adult Social Care & Wellbeing, to extend some contracts for up to a further two years.

5. Reason for recommendation(s)

- 5.1 Members are aware that the Department of Health has issued guidance to support the *Transformation of Social Care*.
- 5.2 The guidance states that by March 2011, people who use services and their carers, frontline staff and providers should experience significant progress in all local authority areas. The DH expects improvements to be evident between now and then.
- 5.3 A report published by Social Care Institute for Excellence in October 2008 "*Personalisation: A Rough Guide*, notes that an increase in the use of self-directed support and personal/individual budgets are beginning to transform the way social care services are being conceived, commissioned and delivered.
- 5.4 Implementation will therefore require a significant change to the way the Council currently provides Social Care Services to residents which will require wide consultation with stakeholders, new processes to be developed and staff trained in usage of same. In the meantime the Council will need to continue to provide services.
- 5.5 During the consultation and implementation process patterns will emerge that will inform the Directorates Commissioning Strategy and it will be possible to engage in meaningful competitive processes to commission services that have been identified as being required for the future. It is unlikely that all of the services currently commissioned will be fit for purpose.
- 5.6 Where the need for new services is identified, it will be necessary to work with providers, from all sectors, to assist them to diversify and effectively 'make markets'.
- 5.7 As part of the preparation process, it will be possible to work with willing providers to set up small pilots for innovative ideas that emerge around service delivery or the provision of new services.
- 5.8 It is considered that the Council will be at considerable risk if tendering processes are undertaken to enter into long term contracts at this stage as there is a likelihood that it would be necessary to terminate some contracts early if it transpired that there was no further need for same. By the same token processes to let short term contracts would not be cost effective and would be unlikely to generate interest from providers. Economies of scale would be lost and any bids received would need to include all provider costs over a short term as well as the costs associated with the tendering exercise itself.
- 5.9 It is also considered that the resources required by both the Council and prospective providers to engage in any competitive processes would seriously impede their ability to engage fully in the preparation for personalisation.

- 5.10 There is a slight risk of challenge from external providers who may feel that extensions to current contracts will deprive them of the opportunity to bid to provide these services however this risk is felt to be minimal especially as it is intended to include ALL local providers in the consultation and preparation process including any opportunities offered, see paragraphs 13.5 and 13.6.
- 5.11 The quality of services being provided under the contracts listed at Appendix A is considered to be of a high standard and would continue to be closely monitored by the Contracts Team under the terms of those contracts to ensure continued quality of service and value for money.
- 5.12 All current and prospective providers will be consulted and kept fully engaged with the preparation process and updated on the Council's progress on implementation by way of regular meetings and updates to ensure that appropriate markets are available as need is identified. However this will not extend to guaranteeing continuation of contracts for those providers who are either unable to adapt their services or where their strategic fit is not evident
- 5.13 The vast majority of the providers listed at Appendix A are based in Haringey and therefore contribute to the local economy.
- 5.14 Robust monitoring arrangements are already in place to ensure that the providers continue to maintain a good, value for money service.

6. Other options considered

- 6.1 Other options have been considered, which involved undertaking smaller tender processes for short-term contracts to ensure supply of appropriate services until personalisation is finalised. The Department of Health expects local authorities to have made considerable progress by March 2011.

7. Summary

- 7.1 Contract Standing Order 13.02 allows Cabinet to 'vary or extend a contract providing that to do so is consistent with the provision of Financial Regulations'. Should Members agree to the proposals set out in this report it would allow the Director of Adult, Culture & Community Services the flexibility to either continue to commission or decommission services as necessary depending on need identified by the consultation and preparation exercise previously mentioned.
- 7.2 It is considered to be in the best interest of the Council to extend current contracts as set out at Appendix A up to a maximum date of 31st March 2011.
- 7.3 This will allow for the development of the Directorate's Commissioning Strategy and the implementation of the Government's Personalisation Agenda.

- 7.4 A complex tendering exercise requires a period of at least 12 months to complete, it is therefore considered to be in the best interest of the Council to delegate the authority to the Director of Adult, Culture & Community Services, in consultation with the Cabinet Member for Adult Social Care & Wellbeing, to further extend contracts for up to two years, as necessary, for services that are of a complex nature and that are identified towards the end of the implementation process to allow adequate time in which to complete thorough tendering processes.

8. Chief Financial Officer Comments

- 8.1 Contract Standing Order 13.02 allows an Executive Member to vary or extend a contract providing that to do so is consistent with the provisions of Financial Regulations.
- 8.2 This report requests an agreement in principle to extend 23 block contracts to a maximum date of 31st March 2011. These contracts expire between March 2009 and September 2010.
- 8.3 The maximum value of the extensions would be £6.44m, assuming all contracts are extended to 31st March 2011. In the majority of the contracts inflationary uplifts are at the discretion of the Council.
- 8.4 In deciding whether an extension to each contract should be offered consideration should be given to whether the existing contract provides a value for money service, and whether negotiations with providers can lead to cost efficiencies during the extended term.
- 8.5 Should demand fall and block contracts no longer provide value for money these contracts allow for termination following a 3-6 month notice period.

9. Head of Legal Services Comments

- 9.1 The Head of Legal Services notes the contents of the report.
- 9.2 The care contracts are classed as residual services under the Public Contracts Regulations 2006 and as such there is no requirement to advertise them in Europe.
- 9.3 There is power under CSO 13.02 for the Procurement Committee to vary or extend a contract providing that to do so is consistent with the provisions of Financial Regulations.
- 9.4 In addition, the Procurement Committee has power under Section 15 of the Local

Government Act 2000 to delegate matters to officers.

- 9.5 The Head of Legal Services advises that as there is no requirement to tender these services in Europe, any risk of challenge from domestic tenderers who may be interested in bidding for these contracts, is at best limited.
- 9.6 The Head of Legal Services notes that Adult Services will be involving contractors in the consultation process and working with them in the preparation for the Personalisation Agenda.
- 9.7 In reaching a decision, Members need to weigh up the limited risk of challenge associated with extending the contract against the alternatives of either entering into short term contracts which are likely to be costly or long term contracts which may not be appropriate and may need to be terminated early.
- 9.8 Members should also give consideration as to whether the proposed extensions of contract represent value for money and also whether they will meet the Council's statutory duty to obtain Best Value in its contracting arrangements.
- 9.9 Subject to paragraphs 5.7 and 5.8, the Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

10. Head of Procurement Comments

- 10.1 The Recommendation for agreement to vary or extend current contracts is in line with the Procurement Code of Practise
- 10.2 Contract monitoring is in place and will be ongoing to ensure that they continue to delivery high quality services. CPU is not able to give a value for money judgement as there is no comparator information
- 10.3 In deciding whether an extension to each contract should be offered consideration should be given to whether the existing contract provides a value for money service, and whether negotiations with providers can lead to cost efficiencies during the extended term.

11. Equalities & Community Cohesion Comments

- 11.1 Current contracts require providers to comply with all relevant legislation.

12. Consultation

12.1 Consultation has been undertaken internally with the Director of Adult Culture and Community Services, AD Commissioning & Strategy and AD Adult Services, as well as joint commissioning managers (Haringey Teaching Primary Care Trust and Haringey Council).

12.2 Consultation has been undertaken internally with Learning Disabilities and Mental Health and commissioning managers in Adult Culture and Community Services.

13. Service Financial Comments

13.1 The value of the contracts to be covered by the proposed framework are outlined in Appendix A. The contract values are not changing from current levels, and the Directorate will continue to manage expenditure within current financial resources.

13.2 There are considerable costs involved in undertaking a competitive process both in time and resources for the Council and prospective providers alike. Provider costs will be passed on to the Council in final contract prices. It is therefore not considered to be in the best interest of the Council or providers to undertake competitive procedures at the present time.

13.4 The likely impact of not achieving the flexible framework around existing care contract arrangements, would be a destabilisation of provision to the borough and possible loss of providers across the range, thus negatively affecting current (and future) service users support. It is likely that some existing contracts will still be needed, but it is not possible to accurately forecast now which these will be. This will emerge over time.

14. Use of appendices /Tables and photographs

14.1 Appendix A – see List of Contracts to be Extended

15. Local Government (Access to Information) Act 1985

15.1 List of background documents:

- Department of Health: Putting People First: A Shared Vision and commitment to the transformation of Adult Social Care, January 2008
- Social Care Institute for Excellence: Personalisation: A Rough Guide, October 2008-10-28

These documents are available from Commissioning & Strategy, ACCS by

contacting:

Barbara Nicholls, Head of Commissioning

2nd Floor, 40 Cumberland Road

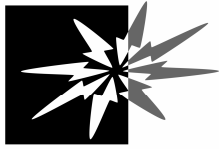
Wood Green, London N22 7SG

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15.2 Exempt information under Schedule 12A of the Local Government Act 1972, namely:

Information relating to the financial or business affairs of any particular person (including the authority holding that information).



Haringey Council

Agenda item:

[No.]**Procurement Committee****On 19th January 2009**

Report Title: **Preparation for Personalisation - Domiciliary Care Block Contracts – Extension in order to Tender**

Report of: **Mun, Thong Phung, Director of Adult, Culture & Community Services**

Signed:

Contact Officer : Margaret Allen, Assistant Director of Adult Culture & Community Services

Tel: 020 8489 3719

Email: Margaret.allen@haringey.gov.uk

Wards(s) affected: **All**

Report for: **Key decision**

1. Purpose of the Report

1.1 To seek Member approval to extend the current domiciliary care block contracts until 31st March 2010 in order to allow time for a formal tendering process to take place.

2. Introduction by Cabinet Member (if necessary)

2.1 It is evident that the personalisation agenda represents a significant change for adult social care in the way that services are procured, contracted for and delivered. The Council is committed to this agenda.

2.2 The officers in ACCS are working to efficiently manage the change process surrounding contractual arrangements with the Council's providers. Full consideration is being given to the possible impact of such changes on users of service, whilst maintaining value for money for the Council.

- 2.3 The contract extensions proposed will support the delivery of the emerging personalisation agenda, which gives residents far greater control over the resources used to provide care. In particular this gives an opportunity to develop service specifications for the new contracts that are flexible and innovative and can deliver on the personalisation agenda.
- 2.4 For these reasons, I agree with and support the approach detailed in this report, in order to ensure the future delivery of flexible services with providers that offer quality and value for money.

3. State link(s) with Council Plan Priorities and actions and / or other strategies

- 3.1 The block domiciliary care providers deliver a high standard of care which is customer focused and is cost effective.
- 3.2 The contract is rigorously reviewed on an on-going basis and it is evidenced that the needs of the service users are being met and promote service users to live as independently as possible and are customer focused.

4. Recommendations

- 4.1 That Members approve the extension of the current domiciliary care Block and Approved List contracts until 31st March 2010 in order to allow time for a formal tendering process to take place in line with the Government's personalisation agenda.
- 4.2 That Members note that Officers will come back to Procurement Committee in early 2010 with a report proposing the award of new contracts in respect of domiciliary care provision.

5. Reasons for recommendation(s)

- 5.1 The Government's Personalisation Agenda will radically change the way in which services are provided to clients. These changes will almost certainly negate the need for Haringey to maintain contracts at the current level. It is also envisaged that the type of services required will change radically.
- 5.2 The Council is required to have significantly progressed on its implementation of the Personalisation Agenda by March 2011.

6. Other options considered

6.1 No other options considered as this extension is essential to ensure that the Council is able to engage in a meaningful tender process, and engage with service users, their carers and providers on developing an innovative service specification that allows for outcome based commissioning and contracting, and will deliver on the personalisation agenda.

7. Summary

7.1 Members are aware that the Department of Health has issued guidance to support the *Transformation of Social Care*.

7.2 The guidance states that by March 2011, people who use services and their carers, frontline staff and providers should experience significant progress in all local authority areas. The DH expects improvements to be evident between now and then.

7.3 A report published by Social Care Institute for Excellence in October 2008 "*Personalisation: A Rough Guide*, notes that an increase in the use of self-directed support and personal/individual budgets are beginning to transform the way social care services are being conceived, commissioned and delivered.

7.4 Implementation will therefore require a significant change to the way the Council currently provides Social Care Services to residents which will require wide consultation with stakeholders, new processes to be developed and staff trained in usage of same. In the meantime the Council will need to continue to provide services.

7.5 During the consultation and implementation process patterns will emerge that will inform the Directorates Commissioning Strategy and it will be possible to engage in meaningful competitive processes to commission services that have been identified as being required for the future. It is unlikely that all of the services currently commissioned will be fit for purpose.

7.6 Where the need for new services is identified, it will be necessary to work with providers, from all sectors, to assist them to diversify and effectively 'make markets'.

7.7 The quality of services being provided under the contracts listed at Appendix A is considered to be of a high standard and would continue to be closely monitored by the Contracts Team under the terms of those contracts to ensure continued quality of service and value for money.

7.8 All current and prospective providers will be consulted and kept fully engaged with the tendering process and updated on the Council's progress on implementation by way of regular meetings and updates to ensure that appropriate markets are available as need is identified. However this will not extend to guaranteeing continuation of contracts for those providers who are either unable to adapt their

services or where their strategic fit is not evident

- 7.8 Robust monitoring arrangements are already in place to ensure that the providers continue to maintain a good, value for money service.
- 7.9 Contract Standing Order 13.02 allows the Cabinet to 'vary or extend a contract providing that to do so is consistent with the provision of Financial Regulations'. Should Members agree to the proposals set out in this report it would allow the Director of Adult, Culture & Community Services the flexibility to either continue to commission or decommission services as necessary depending on need identified by the consultation and preparation exercise previously mentioned.
- 7.10 It is considered to be in the best interest of the Council to extend current contracts as set out at Appendix A up to a maximum date of 31st March 2010.
- 7.11 This will allow for the development of the Directorate's Commissioning Strategy and the implementation of the Government's Personalisation Agenda, and to develop a service specification to tender for a flexible and innovative domiciliary care service.

8. Chief Financial Officer Comments

- 8.1 Contract Standing Order 13.02 allows an Executive Member to vary or extend a contract providing that to do so is consistent with the provisions of Financial Regulations.
- 8.2 This report requests an agreement in principle to extend 2 block contracts and 24 approved list provider contracts to a maximum date of 31st March 2010.
- 8.3 The value of the extensions would be £5.036m. In the majority of the contracts inflationary uplifts are at the discretion of the Council.

9. Head of Legal Services Comments

- 9.1 The Head of Legal Services notes the contents of the report.
- 9.2 The care contracts are classed as residual services under the Public Contracts Regulations 2006 and as such there is no requirement to advertise them in Europe.
- 9.3 There is power under CSO 13.02 for the Procurement Committee to vary or extend a contract providing that to do so is consistent with the provisions of Financial Regulations.
- 9.4 In addition, the Procurement Committee has power under Section 15 of the Local Government Act 2000 to delegate matters to officers.

- 9.5 The Head of Legal Services advises that as there is no requirement to tender these services in Europe, any risk of challenge from domestic tenderers who may be interested in bidding for these contracts, is at best limited.
- 9.6 The Head of Legal Services notes that Adult Services will be involving contractors in the consultation process and working with them in the preparation for the Personalisation Agenda.
- 9.7 In reaching a decision, Members need to weigh up the limited risk of challenge associated with extending the contract against the alternatives of either entering into short term contracts which are likely to be costly or long term contracts which may not be appropriate and may need to be terminated early.
- 9.8 Members should also give consideration as to whether the proposed extensions of contract represent value for money and also whether they will meet the Council's statutory duty to obtain Best Value in its contracting arrangements.
- 9.9 Subject to paragraphs 5.7 and 5.8, the Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

10. Head of Procurement Comments

- 10.1 The Recommendation for agreement to vary or extend current contracts is in line with the Procurement Code of Practise
- 10.2 The extension to the current Domiciliary care contracts for an additional one year when benchmarked against current market rates seems to represent Value for Money. CPU would not recommend any extension beyond 2010 as the contract has been in place since 2004 and should be market tested.
- 10.3 Contract monitoring is in place and will be ongoing to ensure that they continue to delivery high quality services.

11. Equalities & Cohesion Comments

- 11.1 Current contracts require providers to comply with all relevant legislation.

12. Consultation

- 12.1 Consultation has been undertaken internally with the Director of Adult Culture and Community Services, AD Commissioning & Strategy and AD Adult Services, as well as joint commissioning managers (Haringey Teaching Primary Care Trust and

Haringey Council)

13 Service Financial Comments

- 13.1 The current value of the contract is reflected in Appendix A. The value of the contract extension reflects current expenditure, and this will continue to be managed within current commissioning budgets.
- 13.2 The unit cost of the current domiciliary care contracts are considered good value for money, when benchmarked against other local authorities, refer Appendix B.
- 13.3 It is considered to be in the best interest of the Council to undertake competitive procedures, to be completed for new contracts to be entered into by 1st April 2010.

14. Use of appendices / tables and photographs

- 14.1 Appendix A – List of Contracts to be Extended
- 14.2 Appendix B – value for money

15. Local Government (Access to Information) Act 1985

15.1 List of background documents:

- Department of Health: Putting People First: A Shared Vision and commitment to the transformation of Adult Social Care, January 2008
- Social Care Institute for Excellence: Personalisation: A Rough Guide, October 2008-10-28

These documents are available from Commissioning & Strategy, ACCS by contacting:

Barbara Nicholls, Head of Commissioning
2nd Floor, 40 Cumberland Road
Wood Green, London N22 7SG
Tel: 0208 489 3328
E-Mail: barbara.nicholls@haringey.gov.uk

15.2 Exempt information under Schedule 12A of the Local Government Act 1972, namely:

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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