



**Haringey** Council

Agenda item:

**[No.]**

**Procurement Committee**

**On 19<sup>th</sup> 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:

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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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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

### **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 1<sup>st</sup> 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:

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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).

