



Haringey Council

Agenda item:

[No.]

Procurement Committee

On 19 March 2009

Report Title.

Supporting People - Request for Waiver and Award of Interim Contracts

Report of **Director, Adults, Culture and Community Services**

Signed :

A handwritten signature in black ink, appearing to read 'Matthew'.

Contact Officer : **Nick Crago**, Lead Officer Supporting People
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Wards(s) affected: **All**

Report for: **Key**

1. Purpose of the report (That is, the decision required)

- 1.1 To seek approval of Members to waive the requirement for a full tendering process for the provision of two (2) Supporting People (SP) Contracts for:
- Older People's Floating Support service
 - Accommodation based service for People with Drug and Alcohol Problems and Offending histories
- 1.2 Each contract to be awarded, on an interim basis for one year, to two separate Providers for the respective client groups in order to maintain stability in the market whilst securing the provision in the long term through full and open re-tendering
- 1.3 To seek approval of Members to waive the Council's requirement for tendering contracts under CSO 6.05 on the basis of the ground in CSO 7.3(d) that it is in the Council's overall interest.
- 1.4 That should the Members agree the waiver, that two contracts be awarded respectively to :
- Provider A for the Older Persons Floating Support service
Provider B for the service for people with Drug and Alcohol Problems and Offending histories

2. Introduction by Cabinet Member (if necessary)

The serious nature of the investigation against this provider has required a speedy but considered response. The original approach taken to reducing financial risk to the council could not be pursued as the investigation report is still embargoed. This now means that in order to act in the council's best interest an interim arrangement needs to be pursued, while full re-tendering of the service contract is progressed

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

3.1 Council Priorities –

The Supporting People (SP) programme specifically provides housing related support to the most vulnerable people in the Borough. Since the inception of the programme these have been categorised into the following client groups:

- People with Alcohol Problems
- People with Drug Problems
- People with Mental Health Problems
- People with Learning Disabilities
- People with Physical/Sensory Disability
- People with HIV/Aids
- Offenders or People at Risk of Offending
- Mentally Disordered Offenders
- Single Homeless with Support Needs
- Homeless Families with Support Needs
- Older People with Support Needs
- Frail Elderly
- Young People Leaving Care
- Young People at Risk
- Teenage Parents
- Women at Risk of Domestic Violence
- Rough Sleeper
- Travellers
- Refugees
- Generic

It will be seen from this list that the client groups that are presently supported through the expiring contracts are amongst the most vulnerable that the SP programme exists to support. The existing contracts have ensured continuity of service for 6 years and there will be a significant disruption to the lives of over 360 people if these services were to cease.

Creating a Better Haringey: (cleaner, greener and) safer

In awarding the contract for Older Persons to Provider A the Council will be ensuring the service is delivered by one of the best performing Providers in the Borough, who are financially secure and vastly experienced in providing services to Older People

In awarding the contract for People with Drug and Alcohol Problems and Offending histories to Provider B the Council will be ensuring the service is delivered by England's largest provider of housing and support for vulnerable people, who have proven quality standards and experience with these client groups across London sustain engagement in training, education employment and the community

Promoting independent living while supporting adults (and children) when needed

The Supporting People programme exists for vulnerable adults and, its very ethos is to promote independent living to some of the most vulnerable, insecure and socially excluded individuals, or groups, in the Borough.

Delivering excellent, customer focused, cost effective services.

The SP programme has well established, recognised, models of governance and monitoring for all services for which they are responsible.

These include the completion of quarterly PI workbooks, Value for Money (VfM) assessments and Service Reviews, where the quality standards of the service are reviewed against a national framework – QAF. These will be implemented against both Providers for the duration of the one year Contract.

Service users are at the heart of all Performance Monitoring. SP have established a Service User Steering Group to advice and advocate on the needs of service users and how these are being met through existing services.

3.2. Council Strategies

Supporting People has its own 5 year strategy (2005-2010) which references the following Corporate strategies:

- Community Strategy
- Council Plan
- Wellbeing Strategic Framework
- Children and Young Peoples Plan
- Safer for all (Safer Communities Plan)
- Homelessness strategy
- Regeneration strategy

The links with these strategies have been well established over the six years that the programme has been live. Senior Officers from representative departments continue to sit on the Supporting People Partnership Board (SPPB) and contribute to the governance of the programme.

4. Recommendations

That the Cabinet Procurement Committee agree

- 4.1 To waive the Council's requirement for tendering contracts under CSO 6.05 on the basis of the ground in CSO 7.3(d) that it is in the Council's overall interest.
- 4.2 That should the Members agree the waiver, that two contracts be awarded respectively to :

Provider A for the Older Persons Floating Support service
Provider B for the service for people with Drug and Alcohol Problems and Offending histories

- 4.3 Each contract to be awarded, on an interim basis for one year, to two separate Providers for the respective client groups in order to maintain stability in the market whilst securing the provision in the long term through full and open re-tendering

5. Reason for recommendation(s)

- 5.1 Each of these contracts are presently held by the same Provider and are due to expire on 31 March 2009.
- 5.2 This Provider has been under investigation, for financial irregularities, by the Tenant Services Authority (previously the Housing Corporation) and with the potential, inherent, financial risk to the Council's contract with the Provider, it has been viewed expedient to take the opportunity not to renew these contracts upon their expiry.
- 5.3 To avoid destabilising the market and disrupting services to over 360 vulnerable people from differing client groups, two alternative specialist Providers, from the respective sectors, have been identified with whom a one year interim contract can be offered, to allow time for full and open tendering of these services and their contracts. These contracts would be subject to the re-tendering process contained in the Procurement Committee report, being presented on 31 March 2009, for the SP programme as a whole.
- 5.4 The services, as presently delivered, require some reshaping to provide a better strategic fit to the Borough. The service specifications that will accompany tender documentation will ensure that these are addressed and that Performance Outcomes will be linked to LAA targets
- 5.5 It is expected that, particularly with the Floating Support service for Older Persons, there will be an efficiency saving through the period of the Interim Contract to contribute to savings required to meet the reductions in SP Grant from the Treasury in 2009/10.

6. Other options considered

- 6.1 There are no other viable available options

7. Summary

- 7.1 On 24 October 2008, the Housing Corporation issued a press release stating that *"The Housing Corporation has met with representatives of the board of [the present Provider] up to advise them that it has instituted an independent inquiry into the affairs of the Group. The inquiry will investigate aspects of the financial management of the Group"*.

- 7.2 It is the case that [the present Provider] presently hold two contracts for the delivery of SP services in Haringey
- low level floating support to 300 older residents living in their own homes
- This is a consortium arrangement and Novas are in partnership with a local Third Sector provider although Novas are the lead contractor.
- Services for Offenders and People with Drug / Alcohol Problems
- 7.3 A report was presented to the Supporting People Partnership Board on 25 November 2008, which explained action that was being taken in light of this announcement
- 7.4 Subsequent, but separate meetings with the Chief Finance Officer, Corporate Procurement and Legal Services were held. It was agreed that the financial integrity and governance of the organisation should be reviewed with immediate effect.
- 7.5 This was arranged for, and carried out on, 11th December 2008
- 7.6 The financial probity of the organisation could not be quantified on the day as financial information previously requested could not be made available and has not subsequently been made available.
- 7.7 Default notices in this regard, and for inadequate insurances, were served on the organisation
- 7.8 Meetings have continued to be held at various times with Finance, Procurement and Legal representatives to consider the most appropriate actions that could be taken whilst awaiting the formal Investigation report ; and the SPPB have been updated with progress at their meetings on 25 November 2008, 22 January 2009 and 24 February 2009.
- 7.9 The contracts are due to expire on 31 March 2009
- 7.10 Since it is not considered appropriate to extend the contracts with the current provider, it will be necessary to put into place alternative provision to ensure continuity of the services.
- 7.11 It is possible most appropriate to fully re-tender these services in open competition, but not in the short term.
- 7.12 A one year interim contract to alternative specialist providers would allow stability in the market and as well as mitigating disruption to the services and are, in fact, likely to offer improvements in strategic relevance, performance, quality standards and value for money

8. Chief Financial Officer Comments

- 8.1 This report requests a waiver of standing order 6.05 in order to award two interim contracts for Supporting People services as follows:
Provider A £1.20m
Provider B £0.25m
- 8.2 Existing contracts for these services expire on 31st March 2009 and have an annual value of £1.45m.
- 8.3 The maximum value of the interim contracts would be £1.45m as detailed in 8.1. However, it is anticipated that further negotiations with the proposed providers will result in lower contract values and potential savings which will contribute to the funding gap arising from the reduction in Supporting People Welfare Grant for 2009/1

9. Head of Legal Services Comments

- 9.1 CSO 6.05 provides that except as otherwise provided under the CSO's contracts with an estimated value of more than £25,000 must be let following a competitive tendering process.
- 9.2 CSO 7.02 (a) provides that the Cabinet may waive the requirement to tender if the waiver is justifiable under CSO 7.03.
- 9.3 The contracts to which this report relates are Part B services for the purposes of the Public Contract Regulations. Therefore it will not be necessary to comply with the requirements to tender in accordance with EU legislation.
- 9.4 CSO 7.03(d) provides that a waiver is justifiable where it is in the Council's best interest to do so.
- 9.5 The Head of Legal Services sees no legal reasons preventing the Cabinet Member from approving recommendations set out in paragraph 11.

10. Head of Procurement Comments –[Required for Procurement Committee]

- 10.1 The request to waive CSO 6.5 in respect of services for two SP Contracts on an interim basis for one year to two separate providers; is in the best interest for maintaining service delivery to vulnerable people in need of support and for the Council in achieving value for money.
- 10.2 Ongoing Contract management will be undertaken as set out in 3.1 of this report by Performance monitoring by the Service User Steering Group.

10.3 The value of the contracts over the one year would amount to approx £1.5m which is above the EC threshold for the procurement of services (£139k) and therefore it is necessary for a Part B – Contract Award Notice to be published in OJEU, which should be organised via Corporate Procurement. This process does not prevent the award of contract from taking place following the usual Council “call in” period.

10.4 The urgent need to establish interim contracts has arisen from the fact that the existing provider is being investigated for financial irregularities and this in turn places the service at unacceptable risk.

10.5 The Head of Procurement therefore supports the recommendation to arrange interim contracts with 2 alternative providers pending a competitive procurement exercise.

11. Equalities &Community Cohesion Comments

11.1 Equalities issues are a core part of Supporting People contracts and work is undertaken to ensure that the service provider really can deliver on all equalities issues in terms of service delivery and employment.

11.2 All SP contracts are monitored and providers must demonstrate that they meet the language and cultural needs of their actual and potential service users.

12. Consultation

12.1 Whilst an approach has been made, full consultation with alternative providers cannot take place until a decision has been formally made at this Cabinet meeting

12.2 Whilst existing service users are being made aware of potential, impending changes by their respective Providers, full consultation with alternative providers cannot take place until a decision has been formally made at this Cabinet meeting

13. Service Financial Comments

13.1 The current Annual Contract Value of the Floating Support service for Older People is £1.2 million, although efficiency savings are expected from the interim contract and future re-tendering

13.2 The current Annual Contract Value of the service for people with Drug and Alcohol Problems and Offending histories is £250,000

14. Use of appendices /Tables and photographs

None

15. Local Government (Access to Information) Act 1985

15.1 Local Government (Access to Information) Act 1985

- Supporting People Grant Directions 2008/09 (issued by CLG)
- Supporting People Grant Conditions 2008/09 (issued by CLG)
- Supporting People Five Year Strategy 2005 – 2010 (approved by Council Executive on 22 March 2005)
- Haringey Supporting People Value for Money Policy (Approved by Haringey's Supporting People Partnership Board on 12 September 2006)
- Health, Social and Quality of Life Needs in People with Mental Health Problems: Matching Housing Related Support to Need in Haringey (report commissioned by Haringey Supporting People, completed in 2005)