

Agenda item:

**[No.]**

**Cabinet Procurement Committee Meeting**

**On 21 June 2010**

Report Title. **Extension of current Integrated Supported Housing Services contract for 18 Months**

Report of **The Director of the Children and Young People's Service**

Signed :

Contact Officer : Wendy Tomlinson, Head of Service, Commissioning and Placements (Children in Care)

Telephone: 0208 489 3635

Wards(s) affected: **All**

Report for: **Key Decision**

## **1 Purpose of the report**

- 1.1 For Cabinet Procurement Committee to approve the extension of the current contract for a period of 18 months as allowed under the Contract Standing Order (CSO) 13.2. The extension will commence from 1<sup>st</sup> July 2010.

## **2 Introduction by Cabinet Member**

- 2.1 I am disappointed that the Service has had to ask for a further extension of an existing contract and that it will be a further 18 months before we have a new arrangement in place. However, having examined the position I believe that this is the only option that will protect the stability of the young people for whom we are responsible, while also protecting us from the very high costs of spot purchasing.
- 2.2 I support the recommendations in the report and urge officers to start work on the review of the level of need for the service and the subsequent establishment of the tendering process.
- 2.3 I would also urge officers to explore the possibility of a joint tendering process with other local authorities if this is likely to provide better value for money.

### **3 State links with Council Plan Priorities and actions and /or other Strategies:**

- 3.1 This service is linked to the Children and Young People Service Business Plan.  
**Objective:** The Children and Young People's service has a duty to provide Supported Housing Services to young people aged between 16-18 years old or 18+ young people awaiting allocation of permanent council accommodation.
- 3.2 The contracted providers are expected to provide quality accommodation and support to vulnerable young people. This should enable the young people to achieve the five Every Child Matters outcomes and prepare them for independent living.

#### **Key Actions:**

#### **Measures and Milestones: Strategy developed**

Framework agreement in place until June 2010

### **4 Recommendation**

- 4.1 That permission to extend the existing Semi Independent contract with the providers below on the existing framework to allow for a new tender for semi independent provisions be agreed.
- Christopher House, TA Limelight Properties
  - Allison Lodge (Formally MG Supported Housing)
  - Atlas Properties
  - Phoenix Community Care
  - Andrew Stevens
  - Atlantic Lodge.

### **5 Reasons for recommendation**

- 5.1 The existing Semi Independent contract expires 30th June 2010. The contract was originally let for three years and extended for a further two years. In order to extend the contract further the service are now required to seek permission from Procurement Committee.
- 5.2 It is very difficult to estimate the value of this extension as this will depend on the number of referrals received. However Members are asked to note that the combined spend for 09/10 with providers on the current framework was £1,937,277.71 and spend for additional spot purchase with providers outside the framework was £620,274.72.
- 5.3 See Part B for exempt information.
- 5.4 See Part B for exempt information.
- 5.5 See Part B for exempt information
- 5.6 See Part B for exempt information.
- 5.7 The needs of the service have recently changed following the 'Southwark Ruling' made on the 20.05.2009. This has resulted in higher volumes of young people requiring semi independent accommodation. An 18 month extension is required to undertake full service review to be followed by a tender process that will enable the service to incorporate the different types of accommodation to meet the rising need of provision into the tender to undertake an Equalities Impact Assessment and

detailed needs assessment taking into consideration all new legislation and commission a service that will meet changes in service requirements.

***See Part B for exempt information.***

- 5.8 The extension of the contract will ensure stability for our young people currently in placement and enable Haringey to meet the current demand for semi independent accommodation along with the best value for money in the current market.
- 5.9 The service are aware that spot purchases outside of the contract does not provide value for money for the Council and are going to ensure that all teams making referrals contact providers on the framework in the first instance. The placements service will also be working with the existing providers and encouraging them to make more provision available.
- 5.10 See Part B - Appendix A for cost comparison of rates between current Contract rates and the 2010 – 2011 rates our providers use for Spot Purchases with other boroughs outside of a contract.

## **6 Other options considered**

- 6.1 The service considered if making spot purchases in the interim would be an option. However spot purchases made will be at the current market price which is often much higher than the costs secured through the last tender process and therefore this option was discarded due to budget pressure. If spot purchases are made as an interim provision we will have to set up individual spot purchase agreements for all existing placements. This would cause extreme pressures on the budget due to spot purchase costs and officer's time.
- 6.2 As part of the commissioning process we will be exploring the feasibility of undertaking a joint tender process with neighbouring boroughs. This will allow the local authority to make use of a wider selection of providers who will be able to meet a variety of needs. The providers will be subject to vigorous monitoring which can be shared amongst all of the Local Authorities and this will allow aggregation of demand and give the best market rate.

## **7 Summary**

- 7.1 The Council's Semi Independent contract will expire on 30th June 2010. The contract was originally let for three years and extended for a further two years. This now requires permission from Procurement Committee to extend the contract further.
- 7.2 The Council has a statutory duty to provide housing and support for all our young people between the ages of 16 – 18 and young people awaiting permanent council housing up to 21. At present there are six providers who remain on our framework.
- 7.3 The accommodation provided within semi independent provisions are shared accommodations, studios and 1 bedroom flats that are situated within the community. The current providers supply an individual Key working support package to each young person as part of the young person's Pathway Plan/Care Plan to enable the resident to prepare for independent living.

- 7.4 See Part B for exempt information.
- 7.5 Semi independent accommodation is not currently governed by any official body such as Ofsted or CSCI and therefore the responsibility for undertaking monitoring of placements is the sole responsibility of the Local Authority. London Borough of Haringey currently undertakes monitoring of this provision every six months with one monitoring review and an annual review at the end of each year. Our proposal for the 18 month extension will be to undertake monitoring meetings every quarter with one being replaced by the annual review. One of the providers (Christopher House TA Limelight Properties Ltd) is currently being monitored on a monthly basis as part of the recommendations agreed by Procurement Committee following the Novation of contract.
- 7.6 See Part B for exempt information.
- 7.7 There are currently 79 Looked After Young People placed in semi independent accommodation. There are 101 After-care 18+ clients currently residing in semi independent provisions, awaiting allocation of permanent council accommodation.
- 7.8 Since 2009 there has been a significant increase in the number of referrals for semi independent accommodation following the 'Southwark Ruling'. Over the last twelve months the service have received 80 referrals of which 26 young people have been accommodated under section 20 Childrens Act 1989 and 15 young people provided support under section 17 Childrens Act 1989. The placements service requires as many contracted providers as possible to enable them to adequately provide quality placements for the Leaving Care and Unaccompanied Minors teams
- 7.9 Due to the upcoming changes in legislation the local authority might be required to accommodate young people up to the age of twenty four. These changes need to be incorporated into the new tender to ensure that Haringey are able to source the most appropriate accommodation for the needs of each young person.
- 7.10 An 18 month extension will enable the service to commission a service based on a detailed needs analysis which incorporates all the changes in legislation and the impact, so far, of that legislation. It will also help us consider the budgetary needs in clearer terms run a comprehensive tendering process which requires at least a year for a contract of this size.
- 7.11 We propose that the procurement committee authorises an extension for eighteen months with the existing providers on the framework, to allow a new tender to be carried out for semi independent providers. The time requested is essential to allow for development of the tender to incorporate the changing needs of the service.
- 7.12 As part of the commissioning process we propose to carry out a full service review between July 2010 and December and commence the tender process from January 2011 (see Part B for exempt information).

## **8 Chief Financial Officer Comments**

- 8.1 Based on the levels of demand set out in the report and the current cost, from both contract and spot purchasing arrangements, the average unit cost for these semi-independent places would appear to be c£14,000 p.a.; this accounts for around

14% of the external placements budget and so is a key area for ensuring the efficient provision of services.

- 8.2 Market testing of services is one way in which value for money can be demonstrated and so it is of concern that these arrangements have not been tested for 5 years and it will now be a further 18 months before the process being requested concludes.
- 8.3 The original contract provides for an annual inflationary uplift in line with the Retail Prices Index (all items) (RPI), and providers have benefited from their preferred supplier status over the last five years. Given the pressures on Council budgets over the coming months it may be worth exploring whether, through the contract extension variation, a discounted rate could be negotiated reflecting a further period of 18 months as the Council's preferred supplier for these services.
- 8.4 The report makes it clear that spot purchasing arrangements are considered to be significantly more expensive than those acquired under the current contract arrangements and so, in value for money terms it is again of concern that around 32% of the current spend is through these spot purchasing arrangements. The service should ensure that all steps are taken to ensure that the most economically advantageous service is obtained during the contract extension period; this will need to include working with the existing providers to encourage them to make available additional provision under the terms of the contracts.

## **9. Head of Legal Services Comments**

- 9.1 CSO 13.02 provides that the Cabinet Procurement Committee may vary or extend a contract provided that to do so is consistent with the Public Contract Regulations 2006 ("the Regulations") and the Council's Financial Regulations.
- 9.1 The Regulations do not apply to this extension as these services are Part B services.
- 9.2 The value of this extension exceeds £250,000 therefore it may only be approved by the Cabinet Procurement Committee.
- 9.3 This is a key decision and the client has confirmed this has been included in the Forward Plan.
- 9.4 The Head of Legal Services sees no legal reasons preventing Members from approving the recommendations in paragraph 4 of the report.

## **10. Head of Procurement Comments**

- 10.1 This recommendation is in line with the Procurement Code of Practise
- 10.2 The service has been benchmarked against other London Boroughs. The cost comparison for the accommodation and support, do show that the recommendation will deliver a VFM service to Haringey. Appendix 2 sets out the Councils re-commissioning plan which identifies opportunities to achieve Value for Money through both the extension of the current contractual arrangements and the new contract.

- 10.3 A robust monitoring system has been put in place as this service is not a regulated service. This will also enable officers to work with providers to build capacity into our block contracting arrangements to meet our spot contracting needs
- 10.4 The recommendation ensures that the Council is able to fulfil its duty to provide Supported Housing Services to young people aged between 16-18 years old or 18+ young people awaiting allocation of permanent council accommodation.

## **11 Service Financial Comments**

- 11.1 Spending on semi independent accommodation is met from the external placements budget which is £13.449 million for the financial year 2010. The service has a duty to provide accommodation to young people leaving care aged 16-18 and those aged 18+ awaiting the allocation of permanent accommodation. The 'Southwark Ruling' which entitles homeless 16-17 year olds to a full leaving care service has placed additional pressures on this budget.
- 11.2 The extension of this contract for a further 18 months will enable the service to assess the needs of the young people in this type of accommodation and will ensure the stability of current placements. It is better value for money than spot purchasing and will allow time for options such as joint commissioning with other boroughs to be considered.

## **12 Use of appendices /Tables and photographs**

See Part B for exempt information

## **13 Local Government (Access to Information) Act 1985**

- 13.1 This report contains exempt and non-exempt information. Exempt information is contained in Part B and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):
- *Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3).*

## **14 Equalities & Community Cohesion Comments**

- 14.1 Equality comments are not relevant at this stage as the EIA will be carried out during the re-commissioning stage as detailed in Appendix 2, then the appropriate comments will be made after that process.

## **15. Consultation**

- 15.1 Advice from Corporate Procurement was sought and the service was advised that the Council follow its own Contract Standing Orders and undertake its own competitive tender process.
- 15.2 Consultation undertaken with relevant internal Council departments.