

Agenda item:

**[No.]**

**Procurement Committee**

**on 22nd July 2010**

Report Title. **Supporting People (SP) Contract Extension & Variation – Key Support**

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

Signed:

Contact Officer : **Nick Crago,**  
**Acting Head of Service,**  
**Adults, Culture & Community Services.**  
Tel: 020 8489 3302  
Email: [nick.crago@haringey.gov.uk](mailto:nick.crago@haringey.gov.uk).

Wards(s) affected: **All**

Report for: **Key Decision**

**1. Purpose of the report**

1.1 Member's authorisation is sought to agree a two year extension and variation for the above contract as allowed under CSO 13.02 in accordance with the recommendations set out in paragraphs 4 of this report.

**2. Introduction by Cabinet Member**

2.1 The floating support service provided by Key Support has proved successful since it's inception in meeting the needs of vulnerable single people in the Borough. The contract negotiations to permit this service to continue will realise better value for money, with better outcomes.

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

#### 3.1 Council Plan Priorities

- . Encouraging lifetime well being at home, work, play and learning
- . Promoting independent living while supporting adults and children in need
- . Delivering excellent customer focused cost effective services

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 several categories, which include Older People, Single Homeless, Homeless Families, People with Mental Health Problems, People with Learning Difficulties, People with Physical Disabilities, Young People at Risk, Young People Leaving Care, Teenage Parents, Women at risk of Domestic Violence and others

The Supporting People strategy (2005-10) co-ordinates and compliments the following Corporate strategies:

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

The links with these strategies are encompassed into sector reviews and consultation with Corporate Strategic Partners in Commissioning Services, Community Safety and Housing as well as Statutory Partners in the PCT and London Probation. Senior Officers from representative departments continue to sit on the Supporting People Partnership Board (SPPB) and contribute to the governance of this programme.

The Supporting People team are located within the Adults, Culture and Communities Directorate and work closely with Commissioning Managers in Adult Services. A consistent approach is being taken with re-tendering and re-negotiating contracts, which include the development of Framework Agreements.

#### 3.2 Creating a Better Haringey: cleaner, greener and safer

All re-tendering and re-commissioning of contracts include an explicit requirement for compliance, by Support Providers to Sustainable Procurement.

#### 3.3 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.

### 3.4 Delivering excellent, customer focused, cost effective services.

The Supporting People 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 are monitored against the Support Provider, for the duration of the Contract. Emphasis is being placed into the new Contract Specification on Performance Outcomes, linked to the Local Area Agreement (LAA) targets.

## **4. Recommendation**

- 4.1 In accordance with CSO13.02 members are asked to agree:
- (i) a variation to allow for a reduction in the annual contract price from £1.4m to £950K with effect from 1 August 2010
  - (ii) to extend the contract term so that it expires 2 years after 1 August 2010
- 4.2 The cost of the contract will be met from the Supporting People Programme Grant

## **5 Reasons for Recommendation(s)**

- 5.1 The current contract with One Support, commenced in April 2004 following a tender process. The current contract expiry date is no later than April 2011, with no further provision for extension.
- 5.2 Given the advent of Personalisation, and the requirement for various flexible models of commissioning as well as, known budget pressures Service was obliged to ensure that floating support provision was fit for future purpose both in terms of service quality and value for money. To this end service undertook market research which showed that similar surrounding boroughs also engaged One Support for this service provision. ..
- 5.3 By negotiation, the annual contract value has been reduced by £450,000. It is therefore, in the Councils best interest to extend the contract rather than seek a re-tendering exercise, which is unlikely to return the level of savings identified.
- 5.4 This is a significant saving that will be realised without detriment to the quality of the service or the numbers of vulnerable people that will be supported.
- 5.5 With greater numbers of people being supported for shorter period of time – single interventions – the provider will demonstrate significant improvements in quality of service and ‘throughputs’. This will provide better value for money on the contract.
- 5.6 The contract will be performed with recognition of LAA targets. Quarterly PI workbooks and annual monitoring review meetings will continue throughout the life of the contract.

## **6. Other options considered**

- 6.1 The only other option would be re-tendering of the Contract. The risk being that efficiency savings of the magnitude attained by negotiation would not have been achieved by re-tendering. Moreover, market research has identified One Support as the main service provider of this provision.
- 6.2 Moreover, another risk of tender could be that transitional arrangements required with the advent of Personalisation would not have been so smoothly carried out given that several major changes would have occurred in a short space of time disrupting or causing anxiety to already vulnerable service users.
- 6.3 Working alongside the existing Provider will allow better transitional arrangements to be effected towards Personalisation and Framework Agreements.

## **7. Summary**

- 7.1 Key Support is a generic floating support service that has been funded by Supporting People since 2004. Presently managed by One Support (part of the One Housing Group), the service exists to support single people who find themselves as non-priority homeless, but often have other diagnosis, such as substance misuse, offending, or mental health.
- 7.2 The contract value is presently £1.4m per year, with a capacity of around 400 people. Key Support are suggesting that they have supported around 900 people in the last financial year, across all ethnic client groups.
- 7.3 **Current provision**
- 7.3.1 Key Support have established themselves in Haringey as the provider for this client group in Haringey. Stakeholders include Housing (Apex House), DAAT, London Probation, Homes for Haringey. They run a weekly drop in centre at Apex House.
- 7.4 **Market Research**
- 7.4.1 A number of local authorities were contacted, or searched online, in order to ascertain whether any of them have services similar to Key Support. Interestingly, there are similar services, also run by One Support in other Boroughs, but not as large as the Haringey service.
- 7.4.2 One North London Borough service is smaller in contract price and capacity, it is, pro rata, a similar contract value.
- 7.5 **Proposed changes**
- 7.5.1 The Transforming Social Care Agenda and the impending re-tendering of Supporting People Contracts for Single Homeless and Young People will have a

significant impact on the way that floating support services are managed, contracted and delivered over the next two years.

7.5.2 It is probable that Haringey Council will be commissioning many more Framework Agreements which will be more flexible and responsive to the market and service users.

7.5.3 By negotiating contract terms with the existing Provider, there will be an obligation upon them to transition the service towards greater independence and choice and at saving over the present Contract price. This will provide the Council with:

- better value for money
- better outcomes for service users
- a model specification for the future market
- sufficient time to plan and procure the best Framework Agreement

## 7.6 Agreement

7.6.1 A revised proposal was received on 13 May 2010, which offers a reduction in the Contract Value from £1.4 million to **£964,888** (which has subsequently been reduced further to **£950,000**).

7.6.2 To meet the reduction, the proposal references fewer staff, which includes one Team Manager post and a reduced capacity in contracted clients at any one time, down from 459 to 378.

7.6.3 In practice, due to the nature of the service changing, with more short term interventions, higher numbers will be supported in a calendar year. The proposal asserts that will be around 850 clients. That remains a similar number to those supported in the last 12 months, where longer instances of support were delivered.

## 8 Chief Financial Officer Comments

8.1 This report requests agreement to extend the Key Support contract until 31<sup>st</sup> July 2012.

8.2 The Supporting People Programme Grant is currently £18.6m. However, on announcement of the Comprehensive Spending Review later this year it is anticipated that this funding allocation will reduce by up to 20% over 2 years, an estimated reduction of £3.7m. The Supporting People Team are currently renegotiating and re-tendering the majority of contracts in order to secure value for money throughout the service.

8.3 This contract has been renegotiated from an annual value of £1.4m to £950k. The number of service users supported will remain the same. Therefore, the re-negotiated price shows better value for money through efficiencies.

8.4 The contract provides a preventative rather than statutory service. However, it is possible that without this support the service users could become homeless and require other support from the Council or possible drug/alcohol rehabilitation which is provided by Health. Funding should be sought from NHS Haringey to contribute to this service as an alternative to costly rehabilitation.

8.5 It is unlikely that this contract will be affected by the introduction of Personal Budgets through the Transformation Agenda as service recipients fall below Haringey's FACS criteria thresholds.

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

9.1 This report is recommending that Members approve variations of the Key Support contract to extend the contract and to reduce the annual contract price.

9.2 The variations are sought under Contract Standing Order (CSO) 13.02. This allows Members to authorise any variation to a contract other than variations which a Director may authorise under CSO 13.01 provided this would be consistent with the Public Contract Regulations 2006 (PCR 2006) and the Council's Financial Regulations.

9.3 Under CSO 4.03, Members must approve contract extensions valued over £150,000. As the proposed extension is for two years and the contract value for each year is £950,000, the Director therefore may not authorise this extension. However, Members have power to approve it under CSO 13.02.

9.4 The Key Support contract is a Part B or residual contract under the PCR 2006. As such it is not subject to the full EU procurement regime and in particular is not subject to the rules of that regime relating to tendering or extending contracts.

9.5 In the circumstances, the Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendation in paragraph 4 of this report.

## **10 Head of Procurement Comments**

10.1 The recommendation is in line with the procurement code of Practise.

10.2 The cost of the service has been negotiated to give a saving to the council and is in line with comparable services in the market.

10.3 Contract monitoring is in place to ensure that the savings achieved do not have a negative impact on service delivery.

## **11 Equalities & Community Cohesion Comments**

- 11.1 Current and future contracts require providers to comply with all relevant legislation.
- 11.2 The organisation outlined in this report, provides a valuable service to all ethnic groups and vulnerable people in Haringey Borough and comply with all current legislation and Haringey Equalities Policy.

## **12 Consultation**

- 12.1 Consultation 1:  
At a meeting on 4 March 2010, it was established that the proposal being made did not go far enough in its initiative and expectations of higher numbers of people being supported. There was an efficiency saving offered of £250,000, but with the service not changing significantly, this would still not give the best value for money.
- 12.2 Consultation 2:  
At a meeting on 26 April 2010, Key Support were advised that a greater efficiency would be required, than that already offered.  
In discussion it was suggested where areas of the original proposal would be accepted in a re-modelled service.  
Key Support offered to revise the proposal, taking legal advice and to take the proposal back to a Board Meeting on 12 May 2010.

## **13 Service Financial Comments**

- 13.1 The report proposes to reduce the contract value for Key Support from £1.4m to £950k while supporting a comparable number of clients. This will be achieved through a reduction in the number of staff and the redesign of the service to allow an increased number of short term interventions with clients. The cost of the revised contract can be contained within the resources available to the service and the contract provides for improved value for money.
- 13.2 It is noted that there is an expectation that SP funding will reduce over time and the SP team will need to continue to review and reduce the value of the contracts to stay within the overall allocation available to the Supported People programme.

### **Efficiencies**

The revised contract achieves £450,000 efficiencies on the Contract value in 2010/11, without a reduction in capacity to support a comparable number of

clients.

**14 Use of appendices /Tables and photographs**

14.1 Not Applicable

**15 Local Government (Access to Information) Act 1985**

N/A.