

Agenda item:

[No 1]

Procurement Committee

on 16th September 2010

Report Title. **Supporting People (SP) – Waiver and Award of Contract
HARTS for families**

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.

Wards(s) affected: **All**

Report for: **Key Decision**

1. Purpose of the report

1.1 Member's authorisation is sought to agree a waiver and award of a three year contract for the above service 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 Contract discussions with the Support Provider have ensured efficiency savings over the next three years, and a reducing contract will enable a planned and incremental exit from the programme; which will allow the service to be sustained to as many people as possible and require that, where services are being remodelled in other client group sectors, that alternative provision can be established.

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

3.1.1 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

3.1.2 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

3.1.3 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.

3.1.4 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 CSO7.03 Members are asked to agree a waiver and award a new contract as detailed below:

(i) to allow for a staged reduction in the annual contract price from £2.8m to:
£2.5m (2010/11)
£1.7m (2011/12)
£1.7m (2012/13) with termination of the contract on 31 March 2013

(ii) to allow for a respective staged reduction of the capacity of the service over the same periods in line with the reducing contract value.

4.2 The cost of the contract will be met from the Supporting People Programme Grant.

4.3 Members approval is sought to waive the requirement to tender as allowed under CSO 7.03 (a) i.e. the nature of the market has been investigated and is demonstrated to be such that a departure from the requirements of CSOs is justifiable and CSO 7.03 (d) that it is in the Council's overall interest.

5 Reasons for Recommendation(s)

5.1 Given the advent of Personalisation, and the requirement for various flexible models of commissioning as well as, known budget pressures; a review of the service was carried out to ensure that floating support provision was fit for future purpose both in terms of service quality and value for money. The Review included Stakeholder and Service user consultation as well as market research with other Boroughs. Whilst this service presently has a captive market, it is not expected to be maintained with the implementation and integration of Individual Budgets into the future

5.2 Discussions with the Provider, have ensured that cash efficiency savings of £1.4m will be delivered over the two years 2010/11 and 2011/12.

- 5.3 By agreement with the Provider, the remainder of the reduced contract value of £1.7m will be phased to £0.00 throughout the financial year 2012/13 to the conclusion of the contract.
- 5.4 It is in the Councils best interest to waive tendering requirements and award a new contract to most effectively manage an exit programme from the service and obviate the need to re-tender, which will have limited appeal to potential providers and will not offer any efficiency savings.
- 5.5 The nature of the market for the service being provided has been investigated and is demonstrated to be such, that a departure from the requirements of CSO is justifiable
- 5.6 There is not a mature market for this type of provision on such a large scale so price comparisons are hard to make. The contract value reductions offered by the Provider are now more competitive when providing 2-3 hours of support per person per week and are unlikely to be bettered by open tendering particularly taking into account the fact that TUPE may apply if the service were transferred to a new provider
- 5.7 There are no floating support services of similar size in neighbouring London Boroughs
- 5.8 A new specification has been written to accompany the term of the new contract.
- 5.9 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.
- 5.10 Existing services in the Council within Housing, Homes for Haringey and others that already receive Supporting People Grant for housing related support will be able to incrementally take referrals that cannot be received in a reduced capacity HARTS contract.
- 5.11 It is not expected that there will be a detrimental affect over the life of a planned three year exit strategy.
- 5.12 The new contract will have a specific break clause which permit the further reduction, or cessation of funding, to the Support Provider, if there is a reduction or cessation of funding in Supporting People Grant from Central Government, or through the Area based Grant allocation by Haringey Council.

6. Other options considered

- 6.1 Large scale re-tendering of the whole contract. The risk with this option is that

efficiency savings of the magnitude attained by discussion would not have been achieved. Furthermore there would have been little appeal to potential providers of bidding for a contract that was being exited from the programme.

- 6.2 Breaking up the contract and tendering for smaller areas. Through the review and consultation process this did not receive approval from stakeholders and again, because of the TUPE implications with new providers would not have realised the same level of savings as those attained by negotiation. The subsequent decision to terminate the contract in 2012/13 would have led to a very unsettling period of service delivery whilst new Providers established themselves and then dis-established themselves within the planned exit strategy.

7 Summary

- 7.1 HARTS is a floating support service for vulnerable families in Haringey which has been in operation since 2003. The purpose of the service is to provide a range of housing related support to families in their homes, particularly centred around tenancy sustainment.
- 7.1.1 The service has grown since its inception to encompass seconding workers to Haringey's Antisocial Behaviour Team, Hearthstone (domestic violence service) and Housing (Preventions and Options)
- 7.2 Support includes, but is not limited to, activities such as claiming welfare benefits, advocacy with financial institutions/utility companies, maintaining a tenancy, home support, access to community groups, promoting health & well-being and assisting families in obtaining more suitable accommodation.
- 7.3 The service is designed to empower people and to enable them to deal with their problems and develop skills to live independently.
- 7.4 Family Action are subcontracted by HARTS to deal with more challenging behaviour within families which jeopardises tenancy sustainment. Referrals are made, through HARTS, by Children's and Young Persons Service (CYPS).
- 7.5 Around 80% of clients self-refer to the service through 'word of mouth' after learning of the support that is made available.
- 7.6 A recent review of the service identified strong client and stakeholder support for the service and that quality standards, measured against the national Quality Assessment Framework (QAF) standard were good. However, it was also clear that staffing levels were being maintained within the contract envelope and there was no clear evidence of value for money, particularly considering the submitted budget information. There was also insufficient evidence to demonstrate a sustained demand for this service at the present rate and the effect that the Transforming Social Care Agenda will have on the future capacity and viability of

this service to continue at its present operational level.

7.7 The Council are in the process of implementing Accreditation of Residential, Domiciliary Care and Support Providers with a view to engaging Providers for the developing Transforming Social Care (Personalisation) Agenda. This will lead to the introduction of Framework Agreements and will be a suitable replacement for this contract upon its expiry.

7.8 It is proposed that a reducing two year contract, to run within the three year funding period for the CSR 2011-2014, be offered to HARTS. It will be necessary for a new service specification to be effected for this period. This will be implemented following discussions with stakeholders; not only to determine the consequences of a reducing contract, but to ensure appropriate alternative support mechanisms that may be necessary are in place at the end of the contract. This may be met in its entirety by the Framework Agreements around Personalisation.

7.9 HARTS have been pro-active in identifying necessary savings and in proposing new, more efficient model of service. The final service specification is under revision and will be included in new contract.

7.10 The new contract will be for a fixed term to 31 March 2013. Throughout this period the contract will be incrementally reduced, both in monetary terms and in capacity of the service.

The saving of £308,000 for 2010/11 and £1,091,668 for 2011/12 is being offered without any effect to the present capacity of 600 families.

It is proposed that to ensure that there are no unsupported families at the termination of the contract, that the capacity reduces with the respective reduction in Contract Value:

7.11 The impact on the termination of the service is further mitigated by the expectation that Personalisation will be fully implemented by the time the new HARTS contract expires..

8. Financial Implications

8.1 The current annual contract value is £2.8m; which is the largest single Supporting People contract held by any Support Provider in Haringey

8.2 Contract negotiations with the Provider have yielded cash efficiency savings of £1.4m over the financial years 2010/11 and 2011/12, to a revised annual contract value of £1.7m for the financial year 2011/12..

8.3 The existing SP contract requires recognition of TUPE legislation. It is therefore not pertinent to offer this contract to open tender in the market as there will be a commitment to honour existing terms and conditions of employment, which are greater than those that have now been offered through the discussions to effect a

gradual termination of the contract.

- 8.4 The SPPB received a report in August 2010 which suggested the gradual de-commissioning of this service, which would realise further savings of £1.7 million for the two year period 2012/13 and 2013/14.

9. Policy implications

- 9.1 The withdrawal of such a large contract will need to be carefully managed to ensure that no families are left without support throughout the closing period of the contract. It will be critically important to ensure that other, existing, referral sources are established to respond to any enquiries.
- 9.2 The Supporting People 5 year strategy 2005-10) is being refreshed which determines that the priority for the Supporting People programme for the years 2011 – 14 will be with accommodation based services.

10. Chief Financial Officer Comments

- 10.1 This report requests that a contract be awarded to for a period of 3 years at a cost of £2.5m in 2010/11 and £1.7m in 2011/12 and 2012/13, a reduction of £1.1m from the current value of £2.8m.
- 10.2 The Supporting People Programme Grant is currently £18.6m and the £2.5m contract value for 2010/11 will allow the programme to be within the 2010/11 budget allocation. However, it is anticipated that further significant reductions in the SP grant will be made by Government following the Comprehensive Spending Review in the Autumn and the further savings that this contract gives the Council in 2011/12 and 2012/13 will help meet this reduction.
- 10.3 This contract has been renegotiated and is deemed to provide value for money and maintain a consistent level of service. The HARTS contract currently supports up to 600 families though this will decrease over the length of the new contract.
- 10.4 This contract will be affected by the introduction of Personal Budgets through the Transformation Agenda and it is anticipated that Personalisation will be fully implemented by the time the new HARTS contract expires.

11. Head of Legal Services Comments

- 11.1 Adults, Culture and Community Services Directorate (“the Directorate”) requests a waiver of CSO 6.05 (requirement to tender).
- 11.2 The services are not considered priority activity services under the Public Contracts Regulations 2006 so there is no requirement to follow a European

tendering exercise.

- 11.3 The waiver is requested on the grounds stated in CSO 7.03 (a) i.e the nature of the market for the services to be provided has been investigated and demonstrated to be such that a departure from the requirements of CSOs is justifiable; and CSO 7.03 (d) i.e. that it is in the Council's overall interest.
- 11.4 The Cabinet Procurement Committee has power to approve a waiver of CSOs – see CSO 7.02 (a) (contracts valued at over £250,000).
- 11.5 If the Cabinet Procurement Committee sees fit to approve the waiver, then an award of contract is recommended. The Cabinet Procurement Committee has power to approve an award under CSO 11.03 (contracts valued at £250,000 or more).
- 11.6 The contract is valued at over £500,000 and as such is a “key decision” and must be included in the Forward Plan. The Directorate has confirmed that this has taken place.
- 11.7 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

12. Head of Procurement Comments

- 12.1 The recommendation provides saving of £308,000 for 2010/11 and £1,091,668 for 2011/12 and the service will be decommissioned in 2013 at the end of the current contract. Although there is no benchmarking information included this report the recommendation does deliver a VFM outcome based on the previous contractual arrangements.
- 12.2 The risk of service failure is minimised by staying with the current provider while working towards de-commissioning this service provision.
- 12.3 The contract will be monitored a through PI workbooks, Performance Outcomes against LAA indicators and quarterly contract monitoring meetings to ensure that the quality of the service is not compromised by the reducing budget.

13. Equalities & Community Cohesion Comments

- 13.1 The service is multi cultural across all of the ethnic communities in the Borough. The service presently employs staff that can speak 25 community languages.
- 13.2 It shall be a condition of the new Framework Agreements that cultural awareness is demonstrated and a mix of languages should be available through staff

recruitment.

- 13.3 There is not expected to be any detriment to any of the equalities groups. Many are supported directly through other SP funded services which will continue, with greater emphasis on community cohesion.
- 13.4 Throughout the term of the contract being awarded, it is expected that reviews and re-modelling of housing services and other SP funded services, including the domestic violence sector, will create expanded roles and functions to meet demand that may be created by the reducing service that will be operating over the years to March 2013.

14. Consultation

- 14.1 Consultation meetings were held with the Provider on the following dates: 2nd February 2010; 5th March 2010; 14 May 2010, where the Support Provider tabled an efficiency saving offer of £1m over 2 years; 5th July 2010, where the Support Provider tabled an efficiency saving of £1.4m over 2 years.
- 14.2 Following the withdrawal of £1.6m of SP grant, 'in-year, from the SP programme and budget projections of a further £4m reduction over the three years 2011-14 a meeting was held with the Provider on 17 August 2010 to confirm that the contract could not be extended beyond 31 March 2013
- 14.3 This option was included in a paper submitted to an especially convened meeting of the Executive of the SP Partnership Board on 10 August 2010.

15. Service Financial Comments

- 15.1 The Supporting People (SP) Programme Budget was set at £18.6m for the financial year 2010/11; however following the Coalition Government withdrawal of £6m from the Area Based Grant allocation to Haringey; an 'in-year' reduction of £1.6m was imposed on the SP Programme Grant. This has presented a significant challenge to the programme and the savings identified will contribute to keeping the SP programme within budget.
- 15.2 During the 2010/11 financial year a vast major of SP contracts will be re-tendered or renegotiated. The total value of all SP funded contracts will not exceed £17,000,000 Supporting People Grant funding for London Borough of Haringey.
- 15.3 The contract can continue to be met from the revised budget allocation for 2010/2011.
- 15.4 **Efficiencies**

15.4.1 The waiver and award of a new contract will realise £2.8m cash efficiency savings over the 3 financial years 2010/11 and 2011/12 and 2012/13.

16. Use of appendices /Tables and photographs

16.1 Not Applicable

17 Local Government (Access to Information) Act 1985

17.1 This report contains exempt and non-exempt information. Exempt information is contained in Appendix A 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): (3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).