

Agenda item:

Procurement Committee

on 21st October 2010

Report Title:		Supporting People Contracts Waiver & Award – Voluntary Sector (BME Organisations)
Report of:		Mun Thong Phung Director of Adult, Culture & Community Services
Signed:		
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Wards(s) affected: All	Report for: Key Decision	
<p>1. Purpose of the report</p> <p>1.1 Member's authorisation is sought to agree a waiver and award of a one year contract with the possibility of a one year extension for the above service provided by 10 voluntary BME organisations as allowed under CSO 7.03 (a) & 11.03 in accordance with the recommendations set out in paragraphs 4 of this report. In short, there are very few providers in the market and it is highly unlikely that a costly tender exercise would return the significant level of savings we are able to achieve through negotiations.</p>		
<p>2. Introduction by Cabinet Member</p> <p>2.1 The floating support services provided by the 10 voluntary BME organisations listed in this report provide a valuable link in their respective communities ensuring community safety and housing related support. A more consistent method of funding is being introduced to ensure parity across the organisations, which represents better value for money, both in terms of efficiency savings and better quality standards.</p>		

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 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 the CSOs is justifiable and under CSO 7.03(d) that it is the Council's overall interest..
- 4.2 Members are asked to agree to award the contracts as detailed in the exempt Appendix 1 attached.
- 4.3 The cost of the contract will be met from the Supporting People Programme Grant.

5 Reasons for Recommendation(s)

- 5.1 The current contracts expire in March 2011 with no further provision for extension.
- 5.2 Discussions with the Providers have ensured that cash efficiency savings of £93,000 will be delivered in 2010/11 as the new contract start date will be 1st January 2011 and £372,500 in 2011/12. The savings for 2010/11 represents the last quarter of 2010/11.
- 5.3 This is a significant saving that will be realised by the existing providers to an increased capacity as more people shall be supported through increased efficiencies and contract compliance.
- 5.4 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 due to the fact that there are limited numbers of providers for each respective client group. The existing providers are recognised as being the definitive provider.
- 5.5 A new specification has been written to accompany the term of the new 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.

- 5.7 Through Personalisation, service users will be purchasing their own support, services and will need a transitional period to adjust. The reality is that service users will utilise the same Provider as existing for their respective community, but this waiver and award allows the Council to retain a contract with the BME groups, improve services and market rates and to stabilise the sector, ensuring vulnerable service users continue to be supported during a period of change.
- 5.8 It is in the Council's best interest to waive and award new contracts rather than seek a re-tendering exercise, which is unlikely to return the level of savings identified. To re-tender the current contracts TUPE will apply. The preparation of these contracts is to make the future service more marketable.
- 5.9 The new contract will have a specific break clause which permits 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 A market tendering exercise was considered however, the efficiency savings that have been secured through individual Provider discussions would not have been achieved because of the requirement to apply TUPE to the current contracts and there is no readymade market for more than one provider per BME group, although economy of scale will be achieved by letting all the contracts as one rather than individually.
- 6.2 Each of these Providers has been established in the Borough since 2002 or earlier and is recognised as the definitive provider for their respective client groups. A tendering exercise for each community would not have realised competition.
- 6.3 It is expected that the BME Organisations can be tendered as one sector and this would realise significant competition but the contract price has to be lowered to the market rate first, which is what these individual contract discussions have now achieved. It is important that this process has been followed because to go to the market and change to one encompassing provider would actually de-stabilise all the services so a medium term view has been taken to approach competitive tendering in two stages.
- 6.4 Working alongside the existing Providers will allow better transitional arrangements to be effected towards Personalisation and Framework Agreements.

7 Summary

- 7.1 To effectively inform the contract discussions with the BME organisations, a sector review was carried out which included a 'mini' review of each of the services which

determined that although in the majority of cases service users were not unhappy with the services they have been receiving, they were unaware of the standard that should be applied. Each of the providers receiving a new contract will receive a more bespoke specification and be more closely monitored to ensure increased quality standards are upheld.

- 7.2 The present levels of funding have been in existence since 2003 and despite significant support and interventions from the Corporate Voluntary Sector Team including Small Provider Network Forums, Provider Workshops and a mentoring scheme, the majority of these providers have retained their customer base for too long. Through the reviews, this area has been identified and providers are now recognising the need for more targeted short term interventions.
- 7.3 Individual contract discussions have realised savings which accumulate to £465,500. Historically these contract prices were set by Transitional Housing Benefit (THB) which were not consistently applied across all the services in this sector. This is now being remedied with a standard formula which applies to all the organisations consistently and does not discriminate between the providers. The formula that has been agreed was taking a market rate for a support worker and allocating a standard caseload and this was then set against the existing contract capacity plus a 10% running cost.
- 7.4 Each of the Providers is contracted to provide housing related support to their respective communities.
- 7.5 The existing services are floating support services which are delivered to ethnic groups and is provided by 10 voluntary organisations to vulnerable people in the Borough with issues such as homelessness and benefits problems.
- 7.6 The present contracts commenced in April 2009, with an expiry date of no later than 31 March 2011 and are funded by Supporting People.
- 7.7 Consultation has been carried out with the existing Support Providers through reviews and provider forums which have all informed the findings. The process is being reported through the Supporting People Partnership Board.
- 7.8 Individual contracts have been negotiated with the respective providers to agree variations to the current provision which will provide services better suited to current needs.
- 7.9 With a contract value reduction the unit costs to each of these services is comparable to or better value for money than the large generic floating support services that presently operate in the Borough.
- 7.10 Through the reviews of the providers in this sector, it was established that many

are providing support to service users above the contracted capacity which infers that the grant payment were greater than were needed. Whilst it is proven that more people receive support, it is the case that by reducing the contract value providers will be obliged to deliver services to the contract capacity. This may have an effect on a number of people in the respective communities not getting support.

- 7.11 We cannot de-commission the services as they provide a valuable gateway for many people into community integration. We cannot re-tender like for like services because there is no competition for individual groups. We can re-tender the services as a whole sector, but TUPE legislations will negate savings at this time. The approach that has been taken allows for a reduction in the overall contract price for the sector and makes the services more marketable for a whole sector tender
- 7.12 It is therefore, in the Councils best interest to waive and award new contracts rather than seek a re-tendering exercise, which is unlikely to return the level of savings identified.
- 7.13 When the contract goes to full market tendering there will be a condition that it will be extended to include more BME organisations.

8. Financial Implications

- 8.1 The current annual contract value is £834,864.
- 8.2 Contract negotiations with the 10 Providers have yielded cash efficiency savings of £465,500 over the financial years 2010/11 and 2011/12, to a revised annual contract value of £462,350 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.

9. Policy implications

- 9.1 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 While the services provided via these contracts are non-statutory services it should be noted that ceasing to provide services could have an impact on Adult Care budgets.
- 10.2 It is likely that the funding allocation against this programme will reduce significantly in the next CSR period; it is even possible that the Area Based Grant will be removed completely. The Treasury announcement is being made on 20 October 2010.
- 10.3 It is therefore recommended that these contracts are offered for 1 year with a possible extension for a further year, however a clause should be inserted into the contracts to allow for termination should funding cease or the Council need to withdraw funding.
- 10.4 This award being subject to the outcome of the CSR on 20 October 2010.
- 10.5 During this time an alternative solution should be sought providing better value for money and reducing expenditure.

11. Head of Legal Services Comments

- 11.1 The contracts which this report relates to are Part B services for the purposes of the Public Contract Regulations 2006. Therefore it has not been necessary to follow an OJEU tendering procedure.
- 11.2 Members have the power to waive the requirement to tender under CSOs 7.03(a) (where the nature of the market for the services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of the CSOs is justifiable), and under CSO 7.03(d) (where it is in the Council's overall interests).
- 11.3 As the value of these contracts exceeds £250,000 the award may only be made by Members in accordance with CSO 11.03.
- 11.4 This is a key decision and the Directorate have confirmed that it has been included on the Forward Plan.
- 11.5 The Head of Legal Services sees no legal reasons preventing Members from

approving the recommendations in paragraph 4.

12. Head of Procurement Comments

- 12.1 The recommendation gives a significant saving over the proposed contract period.
- 12.2 The cost of the services have been benchmarked against other floating support services procured by the Council and found to be either comparable or less expensive than these services. The re-negotiation of these services has allowed service redesign and staffing allocations that would not be available through a TUPE transfer.
- 12.3 New PI's, service specification and contract terms have been written to ensure the quality of service received is fully measurable and gives improved outcomes and improved capacity.

13. Equalities & Community Cohesion Comments

- 13.1 The services are multi cultural across ethnic communities in the Borough. The services presently employ staff that can speak their respective community languages.
- 13.2 Not all ethnic groups in the Borough are represented. Those that are were selected by Transitional Housing Benefit (one of the legacy funding streams for Supporting People in 2003).
- 13.3 Two ethnic groups have been included in the SP programme subsequently and have been contracted separately from this report.
- 13.4 It is expected that when the services in the sector are tendered in 2011 that more ethnic groups will be incorporated. This will be done through consultation and open competition.
- 13.5 It shall be a condition of the new tendering exercise that cultural awareness is demonstrated and a mix of languages should be available through staff recruitment.
- 13.6 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.

14. Consultation

- 14.1 Individual Provider Service Reviews were held in March & April 2010. All final reports have been shared with the respective Providers.
- 14.2 Quarterly consultation Provider Forums were held in April and June 2010 where providers were advised that efficiency savings are required on these contracts. Next Provider Forum scheduled for 22nd September 2010.
- 14.3 Contract Negotiation meetings were held with individual providers during week of 6 September 2010.

15. Service Financial Comments

- 15.1 The re-tendered contracts provide for improved value for money insofar as while the cost of the contracts are being reduced the expected performance from the organisations is being maintained to the pre re-tendering levels. There is also work with a number of the groups to strengthen the quality of service provision.
- 15.2 The total annual savings achieved from the re-tendering process of £372.5k will contribute to the savings expected from the SP programme by government. There is an expectation that the SP grant will be significantly reducing year on year. The short term nature of the contracts will allow the council to review SP priorities and ensure finite funds are directed to the most appropriate client groups.

16. Use of appendices /Tables and photographs

- 16.1 Appendices 1/1a – Exempt Information

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).