

PROCUREMENT OF SERVICES TO SUPPORT THE DELIVERY OF HEREFORDSHIRE'S YES WE CAN PLAN FOR CHILDREN AND YOUNG PEOPLE

REPORT BY DIRECTOR FOR PEOPLE'S SERVICES

REPORT TO CABINET MEMBER HEALTH AND WELLBEING

DATE REPORT CONSIDERED AND DECIDED BY CABINET MEMBER: 28 MARCH 2012

SCRUTINY COMMITTEE FINAL CALL IN DATE: 2 APRIL 2012

DATE DECISION TO BE IMPLEMENTED: 3 APRIL 2012

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To seek approval to commit funding over £500k in the procurement of services for children and young people, in line with the priorities set out in Herefordshire's Yes We Can Plan and based on evaluation of current contracts, equality impact assessments and information from the Joint Strategic Needs Assessment

Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates:

AND

It was included in the Forward Plan.

Recommendation(s)

THAT:

- (a)** the commitment of contract sums over £500,000 as detailed in this report be approved;

Key Points Summary

- There is a need to tender and award contracts for a number of children's services as the current contract arrangements are coming to an end on the 31st March 2012.
- The approval of the amount would allow necessary contracts to be put in place for the services to begin from 1 April 2012 and is consistent with the service requirements and budget set by the Council for 2012/13.

Link to Joint Corporate Plan

- The proposed tender arrangements aim to produce a cost effective service which is

outcome focussed and able to meet the needs of vulnerable children in Herefordshire, including maintaining them in their own homes wherever appropriate. These aims are part of our corporate plan specifically priority 3.2 *Improved intervention and support for children and young people and keeping them safe*

Alternative Options

- 1 Contracts are coming to an end on the 31st March 2012 and must be replaced with new arrangements in order to ensure the continuity of services. Services could be provided by the Council, but greater opportunity and efficiencies have been sought through a commercial tendering process.

Reasons for Recommendations

- 2 The purpose is to obtain Cabinet Member approval of the procurement activity which commits £1,060k in new 2 year contracts from 1st April 2012. This equates to £530k per annum.

Introduction and Background

- 3 Within the context of Herefordshire's Yes We Can plan and based on an evaluation of current contracts and equality impact assessments, a number of major procurement activities have been identified. In addition a number of current contracts terminate on the 31st March 2012. A procurement programme has begun, agreed by People's Services Directorate Leadership Team, to tender for the services the local authority requires to meet the needs of children, young people and their families. This programme has provided an opportunity to improve current procurement arrangements by grouping together some services that were previously procured individually.
- 4 Current contracts are insufficiently outcome focussed and this provides an opportunity to improve the way the Council organises services and contracts with providers.
- 5 Potential providers were made aware of these opportunities during the Provider Forum meetings held in November 2011 and January 2012. These services fall under Part B of the European Procurement Directives meaning that the procedures which we must follow are more flexible. We have employed a single stage procurement process in order to meet with the required timescales.
- 6 The Council's electronic tendering portal "Proactis" has been used to both advertise the opportunities and receive tenders. It will also be used to assist in the Evaluation Process. Providers have the opportunity to raise issues through this portal, such issues have been promptly responded to by the named tender co-ordinator.

Key Considerations

- 7 There are a number of key considerations:
 - Financial pressures mean that more efficient and effective ways of delivering services must be found.
 - The number of current contracts that expire on March 31st 2012

- The opportunity to group together certain services that were previously procured individually thereby making them more attractive to potential providers and potentially securing greater value for money.
- Changes on this scale can raise anxieties amongst stakeholders and an engagement and communication process has been put in place to mitigate these. Engagement and communication is being developed with current and successful providers.

8 The information below sets out the tender opportunity with the individual “lots” which requires Cabinet member approval as this commits the authority to expenditure over £500k.

PROJECT TITLE	SERVICES INCLUDED	CONTRACT DURATION	CONTRACT BUDGET VALUE £000's
Targeted and Specialist Family Support	<ul style="list-style-type: none"> • Edge of Care support • Intensive Family Support • Rapid Response • Family Group Conferences • Supervised Contact • Parenting Assessment • Befriending/Outreach support 	Two years	1,060

9 The tender is currently active so no further details can be included within this report. The process is being progressed to enable appropriate delivery of new contracts from 1 April 2012. Approval to commit the sum detailed will enable this process to take place.

10 In addition to the above tender, the Director for People’s Services will approve other tenders under £500k and contract awards for all these contracts, in line with delegated responsibilities and will be reported separately to the lead member. The following points are made from a range of perspectives of stakeholders in relation to the tender exercises:

a. Service Users

Existing contracts do not in practice secure any greater level of staff or provider continuity and changes do occur. The new arrangement will provide better opportunities for service users to receive continuity of both care worker and provider in the longer term because the increased volume of work and longer term nature of contracts

There may be some concern that users will face a change of provider and a

change of care staff. Changes will be managed in such a way as to minimise negative impacts experienced by service users through effective care management and transitional plans established as part of the procurement process.

b. Providers

Providers will be assured that the tender process will be an equitable process with opportunities for providers to consider participating both at an individual level and on a collaborative basis should they wish.

The council uses an appropriate mix of quality and price in the procurement decisions. This has been explained in the tender documentation.

These tender opportunities are offering longer term contracts, in line with the Compact, which in turn provide security and certainty to providers with the aim of achieving greater efficiencies.

c. Current workforce

Provider employees working on HPS commissioned services may be concerned about their future employment prospects. While this procurement exercise will inevitably lead to some workers having to change their employer they should be assured that the overall policies and objectives of the Council and its strategic partners is to increase the number of individuals supported in the community and that appropriate HR and procurement policies will be followed.

Community Impact

- 11 The tendering activities support both statutory elements for the local authority eg supervised contact, and also the priorities within the Yes We Can plan and therefore Council Joint Delivery Plan. The plan is based on the Joint Strategic Needs Assessment which gathers data and intelligence from a wide range of sources, thereby reflecting the needs of the communities within Herefordshire. An analysis of unmet needs, through the multi-agency groups was also considered.
- 12 Any changes e.g. the end of a contract is assessed through equality impact assessments which consider the effect on service users and the provider. The results of these have been carefully considered alongside statutory requirements, priorities and the resources available.
- 13 The services provided through these activities will be available to children and young people identified as having additional needs through the Common Assessment Framework (CAF) or a statutory assessment.

Equality and Human Rights

- 14 The services being commissioned will pay due regard to our public sector equality duty. They will provide more disadvantaged children and young people with the services that enable them to live their lives and achieve the same sorts of outcomes as their peers.
- 15 Equality Impact Assessments were carried out on all contracts that are due to end at the end of March 2012. This is to assess the impact on service users and the

provider.

- 16 Successful service providers will need to evidence that they comply with the requirement of the Equality Act 2010. There is not an expectation that SME's (Small & Medium size Enterprises) will be fully compliant, or even understand their requirements. Where a gap is identified the provider will be expected to commit to Equality & Human Rights training for all employees.

Financial Implications

- 17 The budgeted costs of this tender exercise are £1,060,390 over a 2 year period.
- 18 From a Commissioner's point of view there are no financial risks to Herefordshire Council attached to this proposal as the programme drives cost reductions. It is important to note that the amounts are significantly reduced from current contract amounts across the total area of activity. This is in line with the overall reductions in public sector funding. The principle applied has generally been an above inflation rate year on year reduction plus allowing for any change in service levels to fit into the available budget now and in the future. The Targeted and Specialist Family Support tender has been reduced to £1,060,390 over 2 years
- 19 Providers, through the tendering process, will be expected to submit offers which will have accounted for a market rate profit level; this means that the financial settlement should be sustainable.

Legal Implications

- 20 Some aspects of the tender will provide the mandatory services that the local authority is obliged to provide. These include supervised contact, parenting assessments and intensive family support.
- 21 As noted in paragraph 5 the services being tendered for are classified as Part B services under the Public Contracts Regulations 2006. Thus they are not subject to the full EC procurement regime with its various tightly regulated procedures. Nonetheless the authority has a duty to conform to the wider EC principles of equal treatment, non discrimination and transparency. This duty can be satisfied by following the authority's own contract procedure rules which contain suitable provisions relating to advertising, tendering, evaluation and award. The procurement process will be in accordance with the authority's contract procedure rules and will involve the necessary advisors from procurement, finance and legal services.

Risk Management

- 22 Risk is predominantly related to adverse publicity arising from a range of stakeholders with a preference for maintaining the status quo. It is proposed that this be managed by ensuring a common understanding throughout the Council and therefore consistent communication of the facts emphasising the positive contribution this project will make to:
 - a. maintaining service levels whilst increasing opportunities for service user choice and control of how the service is provided
 - b. securing more consistent standards of care across the County

- c. maintaining local employment opportunities
 - d. protecting front line services by securing financial efficiencies
- 23 Further management risk exists if the Council does not adequately execute its implementation plan. This may result in dissatisfaction and undue anxiety amongst service users. It is proposed that implementation is phased and is closely linked with service user reviews to allow staff to assist with any changes.
- 24 If the decision is challenged at any point this will add a delay to awarding any new contract. In this case the current providers would be approached to extend services for a further limited period to allow time to respond to any challenge and for the new contract to be negotiated. Providers are already in discussion as to transition and hand over arrangements. Extending contracts would require a waiver to be agreed by the Director, legal and procurement services.
- 25 If the proposals are declined, the current arrangements will come to an end which will result in the cessation of these vital services.
- 26 Contracts that are awarded will request certain flexibilities to change or vary services if required within the term of the contract. This includes confirmation of funding on an annual basis. With the ongoing pressure on budgets and the planned root and branch reviews there may be the need to reduce, change or even de-commission these services before the end of the formal contract period. The Council standard contract and Compact allows this to happen provided sufficient notice is given to the provider and Equality Impact Assessments are undertaken.

Consultees

- 27 Service specialists in these areas have significantly contributed to the service specifications to ensure the final services provided are of the highest quality for the price offered.
- 28 Providers were consulted at the Provider Forum events held in November 2011 and January 2012. This gave an indication of the services that would be coming up as tender opportunities so they could consider and prepare for when those were released. Unfortunately some of the feedback to allow a greater length of time for providers to respond has not been possible in every case due to the capacity of the commissioning teams. However, a month turnaround has been the general length of time allowed.
- 29 People's Services Directorate Leadership Team have also contributed further to the final service specifications and commissioning approaches.
- 30 Service users views should be involved throughout the commissioning cycle ie informing the needs assessment, planning, procurement decisions and monitoring and reviewing services. In terms of procurement exercises a service user is asked to join the evaluation panel. For this family support contract a young people's panel will interview the providers who score the highest in the first round of evaluations.

Appendices

- 31 None

Background Papers

- None identified.