

# Community activity services procurement for working age adults

**Decision maker: Cabinet member health and adult wellbeing**

**Report by: Assistant Director All Ages Commissioning**

## Community Wellbeing

### Classification

Open

### Decision type

Key

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

### Wards affected

(All Wards);

### Purpose

This report seeks approval to procure a new community activities provider framework for adults aged 18-65 to start in May 2023.

### Recommendation(s)

That:

- a) **The Council procures a new dynamic framework for community activity services and delegates all operational decisions over the management of it to the Director of Community Wellbeing.**

### Alternative options

1. Several alternative options have been considered including different procurement options, in-sourcing, and moving to direct payments. The pros and cons of each of these options is included in Appendix 1
2. The option to do nothing (Option A) was ruled out because it limits the council's control over the quality of services and the price paid for them, and because it does not comply with procurement

legislation. Moving to direct payments (Option B) is not being considered further because this also limits the council's control over the quality of services and the price paid for them and risks de-stabilising the market with the providers having less security that they will have people using their services. The in-housing (Option C) and block contracting (Option E)\_options reduce the market significantly and so reduce the choice of people using services, and would likely cause negative publicity.

3. Therefore Option D was chosen, as a framework: allows the providers some security that the council will be working with them; complies with procurement legislation; and gives the council better control of pricing and quality oversight.

## **Key considerations**

### **Context**

4. Community activity services provide meaningful activities for people with a range of needs, including autistic people, people with a learning disability, physical disability, sensory impairment and those with mental health needs. The Council's priorities for these services are that:
  - a) people are supported to be as independent as possible, doing things that they choose to do, within their own community;
  - b) carers are supported to continue in their caring role;
  - c) services offer value for money, with pricing across these services consistent and easy to understand. This includes people whose service is commissioned by the Council, those on direct payments, and those who fund their own support.
5. A recent service review, which included engagement with people using the services and with provider organisations, found that community activity services in the county are generally forward-thinking, person-centred and support people to be part of their community. Many providers leverage other funding available and in some cases the Council is only one of a range of funding sources, including charities and trusts. Services offer a range of activities and support many people to use universal services in the community, such as going shopping, exercising at the local squash club or going to the cinema. Where services have a building base, this is often used as a meeting place before people go out to use community facilities, or is a hub that brings the wider public in, such as a community café, or, in the case of some of our rural providers, the centre is a base for people to do a variety of activities outdoors. The exceptions which are more building-based are some of the specialist services which support people with significant physical disabilities or complex health needs, where the support offered may be primarily within an adapted building.

### **Activity**

6. In 2021/22, about 420 people used community activity services (the number varied slightly through the year), which can be broken down by funding type:
  - a) 194 people directly commissioned by the Council
  - b) 155 on direct payments
  - c) 70 self-funders
7. There are only a few new referrals to community activity services each year, the majority of those being young people transitioning from children's services.
8. Services are provided by over 13 providers (those with 5 or more participants are shown below):

<b>Community activity provider</b>	<b>Location</b>	<b>Number of people attending*</b>	<b>Notes</b>
Affinity Trust (Score)	Hereford	15	National provider with small local provision, offering community-based activities from a central hub
Aspire Living	Hereford	100	Largest single provider offering a wide range of activities, including a community hub, city farm and community cafe
Avenbury Care Farm	Frome	12	Offer land-based activities
Cartshed	Devereux Wotton	15	Offer land-based activities including growing plants and traditional wood crafts, primarily to people with mental health needs
Choices CIC	Hereford	10	Support people into work-based opportunities
Echo	Leominster	80	Large provider offering wide range of activities, including theatre, radio, crafts, gardening
Headway	Nr Hereford	15	Specialist Acquired Brain Injury provider offering various building-based activities including art therapies, singing
Hereford Community Farm	Hereford	45	City based farm
Horizon Centre	Ross-on-Wye	30	Offer a wide range of activities from a community hub, including crafts and exercise groups
Houghton Project	Hereford	35	Offers land-based, rural activities
MI Enterprise	Leominster	5	Offering self-employment opportunities
Pack-It Ltd	Hereford	10	Offers opportunities to develop employment skills
Walsingham (formerly Salter's Hill)	Ledbury	50	Run a range of activities including creative learning courses

## **Procurement**

9. The council has moved away from traditional block contract arrangements across community activities services. A framework enables the council to call-off services for individuals when they require the council to do this on their behalf, and ensures that there is sufficient capacity, services are good quality and ensures value for money.
10. The current framework has ended and new referrals are being spot-purchased. The new framework will:
  - a. Ensure that the council complies with procurement legislation;
  - b. Improve quality oversight including implementing a performance framework to make sure that all providers are offering a safe, good quality services which meets the needs of the people attending and helps them achieve their personal goals;
  - c. Ensure that the Council is commissioning from the best value provider who can meet the needs of an individual.
11. The procurement will be an open tender, advertised on the procurement portal. The procurement is an opportunity to bring new providers into the market, as well as to continue working with organisations already delivering community activities in the county. The tender will create a framework of suitable providers to be considered for referrals for relevant activities.

12. The framework will run for five years and be dynamic, i.e. it will re-opened during that period so that providers can move on and off it during the lifetime of the framework, and it could be expanded in future, for example to cover community activities for older adults.
13. The tender evaluation will cover quality, price and social value and will give providers a ranking within each Lot, based on their overall score. When the Brokerage team receive a new referral, they will offer it to the provider with the highest ranking in the relevant Lot first; if that provider has no availability, Brokerage will move to the second highest ranked provider, etc.

### **Community impact**

14. The Care Act 2014 includes the principles of wellbeing and prevention in recognition of the need to ensure that individuals, their family, and/or carer have the ability to make informed decisions regarding their care.
15. The council has a statutory responsibility to ensure the well-being and safety of all vulnerable adults across a wide range of living activities and the Integrated Care Board has a statutory responsibility to ensure the provision of universal and specialist health care in order to improve the health of the whole community. As part of these overarching responsibilities and as an organisation committed to a healthier, wealthier and more inclusive Herefordshire, we want to work together with the people who use and deliver all kinds of services to help Herefordshire be a place that universally celebrates people with disabilities and lifelong conditions.
16. Community activities provide meaningful activities, including learning, stimulation and recreation for the participants. They also support informal carers to continue in their caring role by providing daytime respite. Community activities are a valuable part of our prevention service, promoting the independence of participants and reducing people's need for other support, including home care and supported living. Many community activities support people with education and training, and support them to move into voluntary and paid employment.

### **Environmental Impact**

17. Where possible, community activities are delivered close to where participants live and people are encouraged to travel by sustainable means. Most people do travel to community activities in their own car though some people use public transport, and walk. Two community activity providers have their own cars and minibuses, with a total of 27 people travelling in these. A small number of people (10% of total participants) use Council-funded transport, including 26 people in taxis and 17 people travelling in Council-run minibuses. For those people whose transport is funded by the Council, on average they travel 6.55 miles from their home to the activity provider, with 75% travelling less than ten miles.
18. As part of the procurement, providers will be scored on social value and asked about how they will contribute to the council's environmental policy commitments.

### **Equality duty**

19. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
20. The public sector equality duty requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.
21. Community activity services play a valuable role in supporting vulnerable adults to lead rewarding lives and be part of the communities where they live. Many community activity participants have a disability and are protected under the Equality Act. The council's support for these services demonstrates our commitment to enabling people to have an active role in our shared communities; through good integration and by contributing to economic growth through employment and training.

## **Resource implications**

### **Budget and spend**

22. The budget for working age adult community activity services in 2022/23 is £1.314m, after savings of £114k have been deducted. The forecast as at the end of November is £1.371m, a £57k overspend. With just under 200 participants, this is about £6.9k per person per annum.
23. The budget for call-offs from the framework is within the overall budget for adult community activity services (which includes existing packages of support) in the Council's medium term financial plan. For 2022/23 this is £1.314m, so the estimated value of all adult community activity services over the five years of the framework is approx. £7m. The framework will only apply to new referrals, so a proportion of that £7m will be spent through the framework and some will be spent on existing packages. It is estimated that the new framework business could be up to £2m in total, depending on the number of new referrals each year.
24. The number of participants has remained relatively constant over the last few years, with most people returning to services after the pandemic. However many people have chosen to do fewer days/sessions since 2019, which has reduced the cost to the council. Engagement with people and the providers suggests this is due to individuals finding other activities when services were closed, and carers changing their working patterns, for example, working at home more. There is still further work to do to manage demand to reduce overspend and support people to find alternative community-based provision.
25. The current pricing structure used by the Council has grown organically over several years. Providers are paid between £22 and £200 per person per day, and different providers are paid for full days, half days or at an hourly rate. The average price is £44.89 per day.

26. Benchmarking with neighbouring areas shows that they pay between £40-£60 per day depending on the support, with most being around £45 per day. This benchmarking, plus engagement with providers, suggests that any procurement will not result in lower daily rates, and if anything, it is likely that providers will bid at a higher cost than their current rates in order to meet their additional outgoings.
27. The procurement is likely to increase the rates paid for new packages of community activities as providers have indicated that they intend to raise their prices during the procurement, which may increase the pressure on the budget for 2023/24 and beyond. However the framework will allow the council to select the provider who can meet a person's needs at the lowest cost, so some of that pressure may be reduced by using the best value providers.
28. The framework will only determine the rates paid for new referrals; any uplifts to existing provision will be considered as part of the annual price review process. Existing packages will continue to be delivered under the same terms and conditions as they are currently on. These are rolling contracts with no end dates.
29. Council staff across a range of teams, including commissioning, procurement, legal, finance and business systems will be involved in the procurement. They will be funded from their normal staffing cost centres within existing budgets and this tender has been included in team's work-plans.

## Legal implications

30. There is a duty under the Care Act to facilitate and shape the local market to ensure there is a sustainable and diverse range of care and support in the local market. The Care Act requires high quality, personalised care and support, which can only be achieved where there is a vibrant, responsive market of services available.
31. Any procurement process must be undertaken in line with the Councils Contract Procedure rules.

## Risk management

32. The risks and opportunities in relation to this tender have been set out below.

Risk / opportunity	Mitigation
Providers may increase their rates for new referrals as part of the tender resulting in pressure on the budget	Call-offs from the framework will be awarded to the provider who can meet a person's needs at the best value. This will be determined during the framework evaluation with providers given a ranking based on their score in the tender evaluation
The tender may attract new providers, increasing the choice of services for people using them and stimulating the local economy with more small & medium-sized enterprises	
There is a risk that some providers may choose not to bid, reducing the choice for people using the services and limiting the council's ability to select good value providers	Engagement with providers has been ongoing over the last two years. A pre-tender provider engagement event was held in December which was advertised to existing providers and on the procurement portal. 15 people attended from 13 different organisations.

Without implementing a dynamic framework agreement, there is a risk that the council's purchasing of community activity services could be challenged by providers who are not receiving referrals	
Performance metrics in new contract will enable better quality oversight	

33. These risks are being managed at a service level and will be recorded in the project risk register.
34. Provider performance will be monitored through an annual contract monitoring review by the Quality Assurance Team. Providers will be required to submit data on their KPIs and feedback from individual participants and family carers, as well as completing the council's service development plan before the planned review date. Further details on the KPIs and contract monitoring process are included in the draft service specification in Appendix 2.

### Consultees

35. A review of community activity services was carried out in 2021/22. As part of that review there was engagement with service users, carers and providers of services.
36. Part of the engagement included a service user survey which found that:
- a. people said they enjoyed the activities they did and were satisfied with their current community activities provision
  - b. most people thought services were good quality
  - c. about a third would like to join more community groups
  - d. a minority of people wanted to volunteer, attend training or education or do more on the internet.
37. The Political Group Consultation held on 14 December did not raise any objections to the proposal to go to tender. It was recognised that community activity services play a valuable role in supporting carers in their caring role, and that the commissioned community activity services are just part of a wider landscape of services supporting people, including the roles played by volunteers.

### Appendices

Appendix 1: Options analysis for delivering community activity services  
Appendix 2: Service Specification for Community Activity Services

### Background papers

None identified

### Report Reviewers Used for appraising this report:

**Please note this section must be completed before the report can be published**

Governance	John Coleman	Date 13/12/2022
------------	--------------	-----------------

Finance	Kim Wratten	Date 20/12/2022
Legal	Samantha Evans	Date 05/12/2022
Communications	Luenne Featherstone	Date 05/12/2022
Equality Duty	Carol Trachonitis	Date 05/12/2022
Procurement	Lee Robertson	Date 19/12/2022
Risk	Jo Needs	Date 06/12/2022

Approved by Hilary Hall Date 22/12/2022