

## MUNICIPAL YEAR 2010/11 REPORT NO. 239

### MEETING TITLE AND DATE:

Cabinet 27<sup>th</sup> April 2011

### REPORT OF:

Director of Health, Housing  
& Adult Social Care

**Agenda – Part: 1**

**Item: 11**

**Subject: Extension of existing Supporting People contracts**

**Wards: ALL**

**Cabinet Member consulted: Cllr Don McGowan**

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### 1. EXECUTIVE SUMMARY

The purpose of this report is to allow for a decision to be made on entering into Supporting People contracts for a period of 2 years. The summary below provides the main rationale for entering into the contracts with additional information found in the main body of this report:

- In 2006 Cabinet agreed to issue Steady State Contracts to support services which had successfully completed their Service Review in accordance with the Quality Assessment Framework.
- The expectation was that providers attain at least a 'C' in the Quality Assessment Framework and work has been ongoing since 2006 to ensure that has been achieved.
- Although existing contracts are coming to an end there has been considerable uncertainty about Supporting People funding. In 2009 the Government removed the ring fencing and in 2010/11 apart from the overall grant reduction, Supporting People also had £267,000 grant removed.
- To ensure market stability, providers are requesting steady state contracts to ensure ongoing investment into their services for the coming two years.
- Supporting People have already negotiated a 3% year on year reduction in funding to providers based upon the reassurance of a 1 year plus 1 year contract. Resulting in initial savings of £188,000 and £105,000 in each respectively.
- As the majority of services are tied with the provision of accommodation, the steady state contracts will provide reassurance and reduce an element of risk of providers removing accommodation and effectively making customers homeless.
- The best way forward is to provide a period of time to undertake a programme of consultative, collaborative re-modelling and re-tendering of services. The aim to provide increased integration of services and generate further savings of at least £500,000.

## **2. RECOMMENDATIONS**

- 2.1 That the content of this part 1 report and its part 2 appendix is noted.
- 2.2 That approval is given for the Council to enter into 1 year + 1 year contracts with the providers set out in the Appendix to part 2.

## **3. BACKGROUND**

- 3.1 In April 2006 Cabinet approved a report of the Director of Community Housing and Adult Social Services and the Director of Finance and Corporate Resources; which gave authority to issue Steady State Contracts to all service providers who had completed a satisfactory Service Review.
- 3.2 Since the inception of Supporting People in 2003 there has only been one inflationary up-lift of, on average, 2%. This has meant that providers have improved quality whilst effectively receiving a 22% reduction in funding since 2003<sup>1</sup>.
- 3.3 Supporting People team delayed the process of issuing Steady State Contracts after the Cabinet approval. This provided time to respond to the Personalisation Agenda and to consider the outcomes, due in 2011, of the Supporting People element of the Right to Control pilots run under the Welfare Reform Act.
- 3.4 Using the Communities for Local Government Quality Assessment Framework (QAF) there was an expectation that Providers would achieve at least a 'C' standard. As some of the Providers were inherited from a time pre-Supporting People a need was quickly identified for the Contract and Review Officers to work closely with Providers and improve standards across the QAF in order for them to achieve the Council's minimum requirements. This process has been ongoing as there have been several changes to the QAF and the need to work with smaller community providers; through the use of Action Plans and regular reviews in order to meet and maintain the required standard.
- 3.5 As there is an expectation that there will be periods of time of under utilisation of services, and therefore a void saving, Supporting People had created total contract values exceeding budget to maximise spend and deliver Value for Money. In the current economic climate this is no longer sustainable and there is a requirement to deliver budget reductions. These proposed reductions have left the Providers market

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<sup>1</sup> Source Office for National Statistics: annual index of retail prices 1948-2009

uncertain and many are requiring a level of security in order to maintain investment in their service.

- 3.6** In April 2009 the ring fencing was removed from the Supporting People budget and the funding was transferred to the Area Based Grant, this potentially means that Supporting People funding may be reduced in line with overall Council savings. In 2010/11 an amount of £267,000 was specifically removed from Supporting People funding. The response from Supporting People is to propose a comprehensive re-tendering of services. These are being developed to achieve the efficiencies required to meet the new budget.
- 3.7** A programme of decommissioning, re-design and re-tendering of services is planned on a sector-by-sector basis from 2011 to 2013, in order to develop more efficient services that meet the forecast budget reductions and address the changing policy environment. The 2 year time allowance to procure new contracts will allow for:
- Remodelling of services to ensure they meet current and future requirements,
  - Appropriate consultation with all stakeholders,
  - Identifying opportunities to deliver services in conjunction with:
    - Care,
    - Local providers
    - Third Sector
    - and other local authorities.
- 3.8** To make short-term savings, Providers were asked to agree a 3% reduction for 2010/11 (£188,000) and another 3% for 2011/12 (£105,000). In order to stabilise the market and provide security and an incentive for these savings, Providers have requested to receive a 2 year Steady State Contract.
- 3.9** The updated Steady State Contracts also require Providers to:
- Utilise the Capita Support IT system that Supporting People has developed to facilitate effective referrals, and contain clauses to ensure greater financial efficiency through limiting back-payment and granting greater powers to recoup funding to services with low utilisation.
  - Make explicit the requirements for Providers to be compliant with data security in line with the requirements of N3.
  - The QAF is more explicitly tied into the new contract, consequently providing a quality standard that Providers will need to meet.
- 3.10** The services indicated in the Part 2 report have met the SP quality standards, and have negotiated a reduced price. It is therefore proposed to issue a Steady State Contract, promoting stability and transparency.
- 3.11** A Waiver from the Council's Contract Procedure Rules has been granted by the Director of Finance and Corporate Resources.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The alternative option would be to delay issuing contracts until a tender process has taken place. Tendering for all Supporting People services in a short period of time would present considerable resource implications for the Council and Providers, would destabilise the market, and possibly affect client care. A phased tendering approach will take time, and contracts are required for services until such time that tendering takes place to ensure that the Council is not at risk not having a written contract in place.

#### **5. REASONS FOR RECOMMENDATIONS**

- 5.1 The issuing of new contracts allows the Council to achieve the necessary cost savings, to introduce improved contract clauses to our benefit, to reduce risks in the case of potential disputes, and to ensure certainty by having a written contract in place.

#### **6. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS**

##### **6.1 Financial Implications**

The Supporting people budget was reduced by £637k in 2010/12 for savings. A further £150k of savings has been offered in 2011/12.

As a result of the budget pressures on Supporting People resources, projects have been identified and plans developed to resolve the budget gap and implement savings proposals. This has involved incentivising the market to meet the savings requirement of 3% in 2010/11 and 3% in 2011/12 by offering steady state contracts for 2 year period.

The impact of the 3% savings in 2010/11 (£188k) has had a positive effect on the Supporting people budget position. However further work is still required to ensure that the service reduce the volume of provisions over the 3 year spending period.

##### **6.2 Legal Implications**

- 6.2.1 The Council has the power to provide accommodation and care under section 21 of the National Assistance Act 1948. Section 26 of the National Assistance Act allows the Council to discharge this function by making arrangements with individuals, companies or voluntary organisations.

- 6.2.2 The contract must be in a form approved by the Assistant Director of Legal Services.

6.2.3 A waiver of the Council's Contract Procedure Rules, as set out in the Constitution, has been obtained.

### **6.3 Procurement Implications**

Exemption to the contract procedure rules (CPR's) in tendering Supporting People contracts has been granted. This will facilitate the formalisation of Steady State contracts with those suppliers listed in Appendix A. The two-year period covered by the exemption will provide sufficient time for HHASC to produce a suitable procurement strategy for tendering the required services by 31 March 2013.

## **7. KEY RISKS**

7.1 Not having up-to-date contracts in place exposes the Council to risk, particularly if there are disputes.

7.2 The issuing of contracts gives some security to providers, which helps them manage their strategic risks and plans.

7.3 Risk of legal challenge to issuing contracts is limited as Providers understand that comprehensive re-tendering is expected in a phased approach.

7.4 Re-tendering of contracts over the next two years reduces the risk of accommodation and support being removed from vulnerable customers without adequate support arrangements in place.

## **8. IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

*This aim is about tackling inequality; providing excellent services, targeted to meet the needs of each area; and understanding the needs of all our communities*

The extension of the contracts will allow time for the remodelling of services to meet the requirements of some of our most vulnerable customers. Without this extra time the risk would increase as accommodation and support maybe withdrawn without appropriate support arrangements being in place.

### **8.2 Growth and Sustainability**

*This aim is about helping Enfield reach its full economic potential; supporting local businesses, attracting investment; increasing jobs and business growth; supporting and empowering the voluntary and community sector; and building strong and sustainable futures for our residents, environment and the economy*

The contract extension will allow time for local providers to work with the Council in helping shape the market for different care groups. For any

providers unsuccessful in a re-tendering process it will provide time for the authority to work with them in seeking opportunities for still providing local services through personalisation.

### **8.3 Strong Communities**

*This aim is about listening to the voices and needs of Enfield's diverse communities and creating opportunities for residents to lead local improvement and be involved in decision making.*

The extension of the contracts provides opportunity for wider consultation with the community in the modelling of these services.

## **9. PERFORMANCE MANAGEMENT IMPLICATIONS**

**9.1** Issuing of contracts stabilises the services and ensures that the provision of quality housing related support continues. It also ties in the QAF closer with the contract and allows the Council to recoup under utilisation. Fixed term contracts also provide both the Council and the Providers with the opportunity to forecast and plan future service requirements and resource implications

### **Background Papers**

Cabinet Report - 6<sup>th</sup> April, Report No. 332, Key Decision number 988