

<b>Item No.</b> 13.	<b>Classification:</b> Open	<b>Date:</b> 11 December 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Gateway 1 - Procurement Strategy Approval: The Southwark and Lewisham Supporting People Framework	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Catherine McDonald, Health and Adult Social Care	

## **FOREWORD – COUNCILLOR CATHERINE MCDONALD, CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE**

The Supporting People programme funds the delivery of housing-related support services for some of the most vulnerable residents of Southwark. The support is provided to people, at risk of homelessness, living in their own homes or in hostels or other specialised supported housing and allows them to live as independently as possible, in their community. The support takes the form of day to day advice and guidance such as debt advice, advice on paying bills, life skills training and support to access to health care. The services enable people to maintain and develop their independence and to lead healthier, safer lives. Furthermore the services are preventative and reduce the demands on more costly council and health service interventions. The framework agreement proposed in this report will ensure that the services procured for vulnerable people continue to deliver high quality and cost effective support and respond to the wider and evolving health and well-being agenda.

## **RECOMMENDATIONS**

Cabinet is asked to:

1. Approve the procurement strategy for the supporting people services, namely to undertake a competitive process with the London borough of Lewisham (LBL) for a framework agreement for a period of four years commencing 1 April 2014 with a total contract value of around £32 million, subject to future government funding settlements.
2. Delegate the decision regarding the final categories to be included on the framework and the operational detail of the framework to the Strategic Director of Children's and Adults Services.
3. Note that the Cabinet will be asked to approve the award of the framework contract for the potential provision of supporting people services following the procurement process.

## BACKGROUND INFORMATION

4. The Supporting People (SP) programme was established in April 2003. It brought together a range of previous funding streams<sup>1</sup> into a single grant based programme. The programme funds support which is provided to vulnerable people, at risk of homelessness, living in their own homes or in hostels or other specialised supported housing and allows them to live as independently as possible, in their community. The support takes the form of day to day advice and guidance such as debt advice, advice on paying bills, life skills training and support to access to health care. Directed by central government policy, the SP programme also introduced formal contracting arrangements for the services funded through the SP Grant.
5. From its inception, the Supporting People funding was paid as a ring-fenced grant with clear eligibility criteria. From 2010 funding became a non-ring fenced element of the area-based grant and was subject to a significant reduction by central government.
6. The current framework agreement was put in place from April 2010 to March 2014. This agreement meant that 17 categories with 43 providers\* were established, across the supported housing client sectors, covering the areas below:

<b>Accommodation based</b>	<b>No' Providers</b>	<b>Floating support</b>	<b>No' Providers</b>
Mental health services	15	Mental health services	15
Vulnerable Adults	10	Vulnerable Adults	13
Learning Disabilities	15	Learning Disabilities	5
HIV, Physical and sensory disabilities	5	Physical and Sensory Disabilities	15
Younger People	15	Younger People	15
Substance Use	9	Substance Use	10
Offenders	6	Offenders	9
Domestic Violence	6	Domestic Violence	7
		Older People	7

7. The new framework will, at a minimum, include the following categories for accommodation-based and floating support services, although additional categories may be included:
  - Mental health
  - Vulnerable adults including single homeless, rough sleepers, offenders, substance misuse and domestic violence
  - Disabilities, including physical, learning and sensory disabilities
  - Younger people at risk – including 16/17 year olds, teenage parents, young offenders and care leavers
  - Older people – floating support services only.

<sup>1</sup> Funding stream brought supported housing management grant, transitional housing benefit, probation accommodation grant and un-pooled HRA funding for housing support services.

\* A number of providers appear in more than one category.

8. The framework agreement offers opportunities to bring in additional commissioning areas and offer greater efficiencies across the council. Consequently work will be undertaken through discussions with officers across council directorates to determine what other categories are to be included. Possible areas include health generally and substance misuse, in particular, as responsibility for commissioning of such substance misuse services will rest with the council in future. Children's services will also be considered following the recent merger of Children's and Adult's services. The procurement project plan reflects the fact that work is required to identify additional categories.
9. The use of a framework agreement markedly reduces the need for multiple individual procurements for every service, resulting in cost and resource savings for the participating authorities, as well as for providers, as they do not have to undertake multiple tenders.
10. The current framework has also been a useful tool both to use in remodeling services as well as helping to achieve efficiency savings. It is anticipated that the new framework will offer similar benefits as well as the flexibility to respond to emerging council priorities such as personalisation.
11. The procurement of the framework will be led by Southwark council whilst overall governance of the process will sit within a joint borough project board. The project board will consist of representatives from Southwark and Lewisham. The Head of Adult Commissioning from Southwark council and the Intervention and Prevention Manager from Lewisham council will be responsible for oversight of the project.
12. The project board will have direct oversight of the development of inclusive service specifications and tender documentation.
13. Implementation of the new framework requires the commitment of resource up to £45k, to be matched by Lewisham, which will cover the costs of a project manager. The cost will be found from within existing resource.
14. Whilst the intention is to procure the framework with LBL other boroughs will have access to the framework at an agreed fee. The existing framework was procured by Southwark and Lewisham but utilised by Lambeth and Bromley. This arrangement has proved effective, enabling individual boroughs to commission services locally but offering the flexibility for joint commissioning when appropriate.
15. The Cabinet within LBL has already given its approval for the procurement strategy for supporting people services.

### **Summary of the business case/justification for the procurement**

16. Housing support services funded through the Supporting People programme are primarily preventative and there is considerable evidence that expenditure on these services avoids and prevents the need to invest in more expensive and intensive interventions. In a report for the CLG it was estimated that the national Supporting People budget of £1.6 billion has saved alternative expenditure of £3.4 billion if the programme did not exist.

17. The services support vulnerable adults to develop independence and achieve emotional and economic resilience through short term, personalised interventions. They reduce levels of homelessness and its detrimental effect on the individual and the wider community. In doing so services are helping to deliver the fairer future priorities by supporting vulnerable people to live independently and address any underlying problems such as substance misuse, leading to healthier and safer lives.
18. The framework will allow the procurement of services that offer high quality support as well as value for money. At a time of significant pressure on adult social care services with reduced resources and increased demand, the services funded under the programme help to reduce that pressure.
19. In addition, there are significant policy changes taking place within adult social care such as the personalisation agenda, which requires flexibility on the part of commissioners. A new framework will offer the flexibility and responsiveness that this changing environment requires.
20. It is proposed that the framework will be procured with Lewisham to ensure that there is a high degree of provider engagement in the process and scope to deliver greater efficiencies due to shared costs and resource allocation during the procurement process and increased competition at call off.
21. A new framework will contribute to further savings from the Supporting People budget. The call offs during the lifetime of the current framework have seen a steady reduction in the hourly rates with no overall negative impact on the overall quality of services. This suggests that there is scope to deliver additional savings if a framework is in place albeit not at the same level as the current framework. With this in mind and with a focus on ensuring that high quality services are commissioned, the new framework will reflect a 60:40 price:quality ratio. This is also the ratio operated by the LBL.

### **Market considerations**

22. The market for the provision of housing support services is well established and has had the opportunity to mature since the inception of Supporting People in 2003. Many providers have responded to the competition stimulated by the tendering that has occurred across London by significantly reducing overheads and finding creative ways of reducing salary costs.
23. Establishing a new framework agreement will provide an ongoing mechanism by which competition and market development can take place. It will continue to enable a streamlined and administratively efficient process for the commissioning of services.
24. However the downward pressure on hourly rates has contributed to some organisations reviewing their strategy regarding the supported housing sector with a number pulling out all together.
25. There is currently a mature market in the sector which has evolved during the lifetime of the Supporting People programme, with organisations responding positively to the competitive environment. Southwark has 47 providers providing services or competing for contracts locally. There is a balanced mix of sub regional providers working in the central South and South East London area and

pan London organisations. There are also a smaller number of national organisations such as Salvation Army.

26. Experience has indicated that the framework agreement has applied a consistent process and approach to all service providers for those service categories and service types specified under the framework agreement. The expectation is that a new framework would offer similar benefits.

**KEY ISSUES FOR CONSIDERATION**

**Options for procurement route including procurement approach**

27. There are a number of options available in terms of the procurement of Supporting People contracts.

No	Option	Advantages	Disadvantages
1	Set out a rolling timetable to tender all services individually on a regular 3-4 year cycle	<ul style="list-style-type: none"> <li>• Likely to deliver significant savings</li> <li>• Open and transparent process</li> </ul>	<ul style="list-style-type: none"> <li>• Very significant level of resource required to tender all contracts</li> <li>• Major resource implications for providers in responding to multiple tenders</li> <li>• Likely to require additional staff for commissioning team</li> <li>• Inflexible process</li> </ul>
2	Establish new cross-borough framework agreement to cover the procurement of core services, allow for contract extensions where appropriate	<ul style="list-style-type: none"> <li>• Likely to deliver significant savings</li> <li>• Economies of scale due to collaboration between boroughs</li> <li>• Open and transparent process</li> <li>• Recent experience of the effective use of a framework agreement across boroughs</li> <li>• Highly efficient call off process for boroughs and providers</li> <li>• Sharing upfront costs</li> <li>• Shared expertise</li> <li>• Limits risk around provider and market engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Upfront resource required in terms of officer time and financial commitment</li> <li>• Greater complexity in terms of implementation due to cross borough working</li> </ul>

No	Option	Advantages	Disadvantages
3	Southwark-only framework agreement to cover the procurement of core services, allow for contract extensions where appropriate	<ul style="list-style-type: none"> <li>• Likely to deliver significant savings</li> <li>• Open and transparent process</li> <li>• Less complexity regarding implementation</li> <li>• Highly efficient call off process for Southwark council and providers</li> </ul>	<ul style="list-style-type: none"> <li>• Upfront resource required</li> <li>• No sharing of costs, expertise or risks regarding provider and market engagement</li> <li>• Greater resource implications for providers working across boroughs.</li> </ul>
4	Do nothing (This is included for comparative purposes only)	<ul style="list-style-type: none"> <li>• No additional upfront resource required</li> <li>• Simplicity of process</li> </ul>	<ul style="list-style-type: none"> <li>• All contracts lapse without renewal</li> <li>• Significant rise in homelessness in Southwark</li> <li>• Significant increase in demand on statutory services in health and Adult Social Care with associated costs</li> <li>• Possible increase in substance misuse and offending locally</li> <li>• Increased levels of social and financial exclusion amongst vulnerable adults and young people currently served</li> </ul>

### Proposed procurement route

28. To undertake a restricted joint tender with LBL under part B of the EU procurement rules, that also allows other boroughs to access the framework.
29. When a service is to be commissioned from the framework it is envisaged that the provider in each category will be ranked on the basis of the full tender evaluation scoring. This would enable a number of methods to be adopted around operating the framework and 'call off' (i.e. commissioning to contract) from the framework.
30. When a service is required the council will:
  - Either
    - Approach the highest ranked provider within the specific category of service required, request the service to be delivered on the pricing terms specified under the framework and then agree to a contract with the provider
  - Or
    - Conduct a mini competition or 'call off' involving all providers in the service category where some clarification on service delivery is required

31. The framework agreement will specify an obligation on the part of providers accepted onto it to provide services the council requests from them. There will however be no obligation on the council to 'call off' services from the framework or guarantee providers a given volume or value of work.
32. Further details of the operation of the framework are detailed in appendix 1.
33. It is recommended that Southwark council collaborates with LBL to create a joint framework agreement. This allows for local use of the framework that reflects Southwark priorities when appropriate as well as cross-borough commissioning arrangements when shared or overlapping priorities can be better addressed. Individual boroughs can call off or commission particular services which will be issued with locally agreed contracts and performance managed by the borough concerned.

### Identified risks for the procurement

34. The risks relating to the procurement process are set out below.

	Risk	Likelihood	Response
1	Lack of provider engagement	Low	A clear communication strategy and regular briefings will address this, including an open day for potential providers.
2	Small and community based organisations fail to participate	Medium	The framework structure, scoring and evaluation will be designed to encourage bids from small and community based organisations. The framework will also allow for consortium bids.
3	Complexity of cross borough working	Low	Clear project management and oversight from the framework project group. Clear corporate commitment of resources to include a dedicated project officer. Draw on recent experience of effective cross-borough work on current framework
4	Reduction in quality as costs are driven down	Low	There will be robust quality measures as part of the evaluation with a 60:40 price: quality ratio to emphasize the quality issue. All services will be subject to the quality assessment framework and associated performance measures.

## **Key /Non Key decisions**

35. This is a key decision.

## **Policy implications**

36. The Council Plan provides the key strategic driver for the Supporting People, Adult Social Care departmental priorities and for this piece of commissioning. The framework has a key role in terms of enabling the programme to achieve the agreed objectives within the given timeframe.
37. The Council Plan sets out the 10 fairer future promises that demonstrate how the council will achieve the vision in the plan. Point 6 states that the council will: 'Support vulnerable people to live independent, safe and healthy lives by giving them more choice and control over their care.'
38. In addition Southwark 2016: Sustainable Community Strategy sets out 2 cross cutting priorities; 'Improving individual life chances' and 'Delivering quality public services'. This procurement process will enable the Supporting People programme to support the delivery of the following priorities in the strategy:
- Achieve economic well-being
  - Achieve their educational potential
  - Be healthy
  - Stay safe
  - Enjoy cultural and leisure opportunities
  - Value diversity and be active citizens
- With public services that are:
- Efficient and modern
39. The Adult Social Care business plan reflects the above commitments and sets out the objective to 'redesign supported housing services to secure greater value for money and support independence.' The use of the framework has been instrumental in delivering this priority to date. The establishment of a new framework offers the opportunity to secure further value for money and improve service delivery beyond April 2014.
40. In addition the business plan makes a commitment to maximising people's choice and control through the personalisation of services. The framework will enable personalisation to be embedded in Supporting People services through service specifications that reflect this commitment.

## Procurement Project Plan (Key Decisions)

Activity	Complete by:
Cabinet approval of Gateway 1: Procurement strategy report	11/12/12
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	18/12/12
Agreement on categories to be included in framework	28/02/13
Completion of tender documentation	21/03/13
Open day for providers	w/c 26/03/13
Advertise the contract	28/03/13
Closing date for expressions of interest	06/05/13
Completion of short-listing of applicants	27/05/13
Invitation to tender	05/06/13
Closing date for return of tenders	15/07/13
Completion of any clarifications	15/08/13
Completion of evaluation of tenders	29/08/13
Forward Plan	August 2013
DCRB/CCRB/CMT Review Gateway 2:	Sept 2013
Approval of Gateway 2: Contract Award Report	Nov 2013
Contract award	Jan 2014
Place award notice in Official Journal of European (OJEU)	Jan 2014
Contract start	01/04/14
Contract completion date	31/03/18

### TUPE/Pensions implications

41. This procurement may have significant TUPE implications for external service providers following the call off of services and any potential transfer of provider. The providers and their staff could potentially be affected by the implementation of a framework agreement and approved supplier list.
42. The extent to which TUPE will apply will be determined by the following factors:
  - Whether any of Southwark's existing providers do not apply to participate in the process of getting on to the framework agreement.
  - If any of Southwark's existing providers fail to meet the evaluation requirements and are therefore not accepted onto the framework agreement and approved supplier list.
43. Whether TUPE applies at the point of call off or mini competition will depend on whether the incumbent provider continues to be the provider with whom Southwark contracts.

44. Quantification of TUPE implications will take place at the point of 'call off' or mini competition and providers will be requested to resubmit pricing on the basis anticipated of TUPE costs derived from the service being commissioned and current provider and staff involved.
45. Should there be a change in service provider and the service remains substantially the same it is anticipated that TUPE will apply. However it will be the responsibility of the providers involved to resolve these issues and the Council's role in this process will simply be to facilitate contact between the relevant parties and where considered appropriate factor TUPE costs into the contract price.
46. The Framework Agreement will apply a consistent process and approach to all services providers for those services categories and service types specified on under the Framework agreement. Any implications for internally delivered services will be addressed separately as required.

#### **Development of the tender documentation**

47. The tender documentation will be developed through a rigorous process led by the project officer assigned to the role and jointly funded by Southwark and Lewisham. The documentation will reflect any additional categories that are to be included in the framework. These categories will be identified through detailed discussions to be carried out with departments across the council, identifying areas of work that will benefit from the use of the joint framework agreement. Any additional categories will be agreed by the Strategic Director for Children's and Adult's services.
48. Detailed service specifications for each category and a standard contract agreement will be developed for all services building on the experience gained through the use of the current framework.
49. The development of the tender documentation will be overseen by the project group including representatives from legal, procurement and technical contributing to relevant parts of the ITT.
50. The project group will draw on the experience gained whilst utilising the current framework to refine the tender documents and, in particular, the service specifications. The group will also ensure that the service specifications reflect more recent policy developments such as personalisation.
51. Tender documentation will include legal and contractual documentation for the overarching framework agreement. The primary focus will be the development of new detailed service specifications for services to be procured through the framework agreement.

#### **Advertising the contract**

52. As a Part B service, there is no formal need to issue an OJEU notice. However, in order to ensure all market areas are covered, a voluntary notice will be issued. In addition, adverts will be placed on the council's website, Community Action Southwark website, in Community Care and other similar trade journals. Existing providers and other known providers will also be alerted to the advert placed on the council's website.

## Evaluation

53. Contracts will be awarded on the basis of MEAT (most economically advantageous tender) using a price:quality ratio of 60:40, as opposed to the council's standard ratio of 70:30. In addition to the former being the standard ratio used by Lewisham, it is also felt that given the personal nature of these services, more emphasis should be placed on quality. As per the restricted protocol, the process will consist of two stages.

### Stage One – Pre-Qualification Questionnaire (PQQ)

54. The purpose of the PQQ is to create a short list of organisations who have demonstrated that they have sufficient technical capacity and financial and economic standing and ability to be invited to tender for the service. In order to determine sufficient financial and economic standing, and technical capacity and ability PQQs will be evaluated in accordance with the criteria as set out in Articles 29-35 of Directive 92/50/EEC (as amended or replaced).
55. Method statements will be used to assess the technical section, for which there will be a minimum pass mark. The financial, health and safety and qualities sections will be assessed as pass or fail. For the financial assessment, a minimum financial operating threshold will be set. If an applicant fails a section, the evaluation of their PQQ will cease and they will be eliminated from the process.
56. The final PQQ evaluation methodology will be signed off by project board and advised to applicants.

### Stage Two - Invitation to Tender

57. The council is looking for responses from applicants able to demonstrate an ability to provide the services within the stated categories. Applicants will need to pass the quality threshold before they are assessed on price.

### Quality Assessment (40%)

58. The quality assessment will be based on a written submission which will examine generic and specialist areas for each category. Weighted method statements will be used to evaluate applicants against the key quality criteria, for which there will be a minimum pass mark for essential questions. Applicants will need to achieve a minimum overall pass mark

### Price Assessment (60%)

59. Applicants will be asked to complete a pricing schedule which requires them to provide hourly support charge rates. Finance colleagues will assist with the development of the evaluation methodology and this, and the quality evaluation methodology will be agreed by project board
60. The evaluation panel will be made up of representatives from finance, health and safety, policy and equalities, commissioning and service users. Officers from legal and corporate procurement will be consulted as required throughout the process. A moderation process will be applied as necessary.

61. Tender Evaluation Panels (TEPs) will be established to assess both the quality and pricing element of submissions and will be structured around client group service categories agreed by the group.
62. Panels will comprise stakeholders with appropriate commissioning and service expertise to evaluate submissions against agreed evaluation criteria. The panels will also seek to involve service users in the process.
63. A process to allow the moderation of evaluations will be agreed to ensure consistent and accurate assessment of submissions.

### **Community impact statement**

64. The Equality Act 2010 outlines a number of 'protected characteristics' which are the groups of people that are liable to discrimination and have been considered in terms of the use of the framework. A full Equalities Analysis Assessment (EAA) will be undertaken as part of any exercise to establish the new framework, which will consider all six strands of the council's equality agenda.
65. An impact assessment has been completed with regard to the impact of the framework which considers the six strands of the equality agenda. The impact on the service users and the provider organisations affected has also been considered.
66. There are not considered to be any adverse impact upon the community in relation to race, gender, disability, sexual orientation and gender identity, religion and faith, marriage, pregnancy and child care responsibilities, alongside that of age.
67. The 'call-off' process is a powerful tool for the borough to promote equality and diversity. The process allows the borough to specify additional equality requirements specific to the contract being called off and where necessary require providers on the framework to enter into partner arrangements with other specialist or BME providers to deliver specified services. This process will be part of any commissioning framework post March 2014.
68. The establishment of the framework recognises the important role of smaller, local voluntary and community sector organisations in addressing the equality agenda and allows for consortium bids to ensure that there is diversity and specialisation within the provider market.
69. In addition, services funded through the SP programme are for a wide range of vulnerable and socially excluded groups. SP services therefore have the opportunity to reach out to a wide range of groups and ensure they can access the support needed to maintain their independence and improve their health and well being.

### **Economic considerations**

70. In terms of delivering economic benefits to the Southwark council, as indicated above the use of the framework will support the delivery of Southwark 2016: Sustainable Community Strategy in two ways. Firstly in that the services commissioned by the Supporting People programme focus on supporting service users to 'achieve economic well-being' through promoting financial inclusion, improving employability and enabling access to work opportunities. Secondly

that the services commissioned are 'efficient and modern' with a focus on value for money and quality.

### **Social considerations**

71. The council requires the London Living Wage (LLW) to be included for new contracts where best value can be demonstrated. LLW would apply to all relevant staff working directly on the contracts and to any relevant staff employed by any sub-contractor. For this contract, the quality improvements are expected to be a higher calibre of support worker employed who are able to contribute to delivering improved outcomes in terms of promoting independence. It is therefore considered that best value will be achieved by including this requirement.
72. As part of the tender process, bidders will be required to confirm how quality will be improved by payment of LLW. On award, the associated quality improvements and cost implications will be monitored as part of the quarterly review of the contract.

### **Environmental considerations**

73. Contractors will be assessed on their environmental policy and their response to questions raised at the pre-qualification stage.

### **Plans for the monitoring and management of the contract**

74. After the framework has been established, responsibility for the ongoing management of the framework will sit within the adult commissioning departments of each council. In the case of Southwark, the operation of the framework will be overseen by the commissioning manager for prevention, inclusion and supported housing.
75. The intention is to establish a joint user group to oversee the management of the framework with membership from each of the boroughs that are utilising it. The work of the group will be supported by contract management within Southwark who will maintain a database of information on:
  - Providers in each category
  - Contracts awarded in each category
  - Contract value
  - Performance
  - Financial capacity
76. The joint user group will regularly review the information maintained by contract management. This will ensure that there is an informed view of the operation of the framework and any market management issues that emerge during the course of the contract such as provider performance and market segmentation.
77. There is a robust and comprehensive performance management framework in place to monitor the quality of services within the Supporting People programme. This was established at the inception of Supporting People in 2003 and has proved to be very effective in driving up quality and identifying service weakness.

78. The services procured through the framework will be monitored using the following:
- i. Key performance indicators, collected via the quarterly workbook currently in place
  - ii. The submission and review of the Supporting People Quality Assessment Framework on an annual basis
  - iii. Issues of concern will be reported in relation to quality or customer feedback to the relevant monitoring team to follow through.
  - iv. Scheduled cross-borough contract management meetings as part of the Framework Operational Group.
  - v. Closer monitoring and analysis of referrals from operational teams to assess ongoing impact of reablement, eligibility revision and transformation as a result of the personalisation program.
  - vi. Service user surveys.
  - vii. Regular borough contract monitoring meetings.
79. There is recognition that the call off process and possible transfer of provider introduces a degree of risk regarding the quality of service provision. In order to mitigate the risk, for the first six months after any transfer there will be an increased level of oversight of contracts. This will focus on staff handover, service user assessment and review and service user experience.
80. Responsibility for the performance management of Supporting People services has been devolved to local government by the CLG. This means there is now greater flexibility available to the business unit in terms of the monitoring of services which allows for the development of a framework that reflects local priorities.
81. Therefore there will be a comprehensive review of the monitoring and performance management of services procured with the framework so that we achieve a model that is proportionate, effective and reflects council priorities and the fairer future promises.
82. The services commissioned through the framework will have a dedicated monitoring officer with the Prevention, Inclusion and Supported housing business unit within adult commissioning.

### **Staffing/procurement implications**

83. As detailed in paragraph 11 there will need to be a dedicated officer with responsibility for leading on the implementation of the framework. The cost of this will be shared with Lewisham and will amount to not more than £45k, which will be identified from within existing resources.

### **Financial implications (FI:/1006)**

84. Staffing costs for implementation of the new framework agreement will be identified within available funds. These costs will be shared with the London Borough of Lewisham on an equal basis and would be approximately £45k to £90k for a 6 to 12 month period. It is considered that funds would be required in year one only. The cost to LBS would be not more that £45k.

85. All expenditure under the framework agreement will need to be contained within identified budgets. The financial implications of this new Framework Agreement are being considered, and are dependent in part on the scope and scale of the works commissioned. The service categories will be identified through detailed discussions to be carried out with departments across the council and financial details will form part of the Gateway 2 report.

### **Legal implications**

86. Please see concurrent from the Director of Legal Services.

### **Consultation**

87. As part of the process to develop the new service specifications and other tender documents there will be a consultation exercise undertaken with the providers that are on the current framework and other known providers. This should help to better understand the challenges faced by providers in terms of accessing the framework and participating in the call offs.
88. An engagement exercise will be carried out with service users using Supporting People services regarding use of the framework and change of provider, to determine the impact on this group. This work will inform how the process of changing provider can be managed more effectively in the future, minimising disruption for service users.

### **Other implications or issues**

89. No other issues or implications have been identified.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Procurement**

90. This report is seeking approval to set up an inter-borough framework arrangement for the delivery of supporting people services. This framework will be procured jointly with Lewisham council and initially will serve both Southwark and Lewisham councils. It is intended however that other boroughs will be able to access the framework for a fee (still to be agreed and set).
91. Paragraphs 16 - 21 outline the business case for setting up the framework. This will replace an existing framework previously set up jointly with Lewisham. The report confirms that the previous framework has proved successful and contributed to the achievement of efficiencies and savings for both councils. In building on that success paragraph 8 highlights the intention to review the categories to be covered by the new framework, with the view to accommodating additional commissioning areas where appropriate. Recommendation 2 is seeking to delegate the final decision on the categories to be covered by the framework following this review to the Strategic Director for Childrens and Adults Services.
92. The new framework is not due to be in operation until April 2014. Whilst the timeline may appear generous, with a joint procurement the timeline needs to be lengthened to accommodate the joint governance arrangements that are necessary to ensure the project delivers the requirements of both councils. The

report confirms that a joint project board will be in place to oversee the procurement and a shared project manager resource is being jointly funded.

93. The tender evaluation will be conducted using a weighted model in favour of price (60/40%). Whilst this ratio is not in line with the council's current recommended level, the report provides justification for this.
94. Once set up, monitoring and management of the framework will need to be on two levels. Each borough will be responsible for the monitoring of their individual contracts that are secured through the framework. However there will also be a need for the collation of contract performance information and maintenance of the framework generally to help inform award decisions for all, throughout the life of the framework arrangement. Paragraph 75 confirms that Southwark will be responsible for the maintenance of the framework data. Whilst this task may not seem too onerous now, if the framework is accessed by other boroughs this role and responsibility may grow and require additional resources. This should be borne in mind when the joining fee for other boroughs is agreed with Lewisham and set.

### **Director of Legal Services**

95. This report seeks the approval of Cabinet to the procurement strategy for The Southwark and Lewisham Supporting People Framework outlined in this Report.
96. Contract Standing Order 5.4 requires all reasonable steps to be taken to obtain at least 5 tenders following a publicly advertised competitive tendering process.
97. It is considered that these services are a Part B service under the Public Contracts Regulations 2006 and therefore there is no requirement to publicly advertise this procurement in the Official Journal of European Union (OJEU) although the procurement must still comply with rules regarding non-discriminatory requirements
98. Paragraph 28 of this Report confirms that a restricted two stage tendering procedure is proposed which will comply with EU regulations and CSO tendering requirements
99. This contract is classified as a strategic procurement and therefore CSO 4.4.2 (a) applies. This requires the cabinet or cabinet committee to authorise the proposed procurement process, after taking advice from the Corporate Contracts Review Board.
100. The Council's Constitution provides that a decision taker may only make a Key Decision in accordance with the requirements of the Cabinet Procedure Rules, Access to Information Rules and the Protocol for Key Decisions set out in the Constitution. Those rules require that a Key Decision may not be taken unless the matter is on the Forward Plan.

### **Strategic Director of Finance and Corporate Services**

101. The Strategic Director of Finance and Corporate Services notes the recommendations in this report, and that it is expected that all financial requirements from the proposals will be funded from existing budgets and resources both in the council and partner boroughs. The risk that new additional funds will be required to deliver the procurement itself is minimal. At this gateway

one stage the full financial impact of the services to be commissioned is still being determined.

## BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Supporting People Framework Agreement: Contract Award March 2010	Individual Cabinet Member decision report 2010: <a href="http://moderngov.southwark.gov.uk/ie/DecisionDetails.aspx?ID=1258">http://moderngov.southwark.gov.uk/ie/DecisionDetails.aspx?ID=1258</a>	Mark Taylor 020 7525 3513
Gateway 1 - Procurement Strategy Approval The Procurement of Supporting People Services Through a Framework Contract June 2008	Executive 2008 report: <a href="http://moderngov.southwark.gov.uk/CeListDocuments.aspx?Committeed=118&amp;MeetingId=1018&amp;DF=24%2f06%2f2008&amp;Ver=2">http://moderngov.southwark.gov.uk/CeListDocuments.aspx?Committeed=118&amp;MeetingId=1018&amp;DF=24%2f06%2f2008&amp;Ver=2</a>	Mark Taylor 020 7525 3513

## APPENDICES

No	Title
Appendix 1	Operating the Framework

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Catherine McDonald, Health and Adult Social Care	
<b>Lead Officer</b>	Jonathan Lillistone, Head of Commissioning	
<b>Report Author</b>	Mark Taylor, Commissioning Manager	
<b>Version</b>	Final	
<b>Dated</b>	29 November 2012	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Home Ownership and Tenant Management Initiatives	No	No
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	30 November 2012	