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For General Release

REPORT TO:	Cabinet Member for Families, Health and Social Care
SUBJECT:	Direct award of the Third Sector Community Support contracts
LEAD OFFICER:	Guy Van Dichele Executive Director, Health Wellbeing and Adults
CABINET MEMBER:	Councillor Janet Campbell, Cabinet Member for Families, Health and Social Care
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON

1. The Care Act 2014 set out the responsibilities of local authorities to ensure that people have access to a wider range of services to improve individuals' wellbeing and give them more control and personal choice over their care. More specifically **Care Act 2014** identifies the Local Authority's responsibility to ensure services are commissioned that promote wellbeing principles This includes
 - I. (Part 1, section 1):
 - (b) physical and mental health and emotional well-being;
 - (e) participation in work, education, training or recreation;
 - II. As well as (Care Act 2014, Part 1, Section 4) providing information and advice.
2. The extension of these contracts will fall in line with **Croydon's Community Strategy** and the priorities which have been set:

PLACE – Making Croydon a great place to learn, work and live

Priority 3 – The contracts look at service users exploring their local community and taking advantage of what is available, supporting the local economy.

PEOPLE – Making Croydon a place of opportunity for everyone

Priority 1 – The contracts aim to reduce poverty and deprivation through access to employment and welfare benefits advice.

Priority 2 – They aim to support individuals and families with complex needs through befriending, counselling, user group access and advice centres.

Priority 3 – The welfare benefits advice contract helps individuals to manage their finances, which helps to prevent homelessness.

Priority 5 – The priority of improving health outcomes is met by all the contracts, as they look at supporting Mental Health users.

COMMUNITY – Making Croydon a vibrant and connected community and voluntary sector

Priority 1 – These contracts aim to build strong cohesive communities and connect residents to local groups. For instance there is a befriending service, which allows

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service users to connect with new people and explore local groups and organisations on offer.

Priority 2 – These are all third sector contracts which tackle social isolation by providing access to Mental Health user groups, befriending services, drop in and self-help services.

3. All seven separate contracts will play an important role in helping Croydon achieve a number of different outcomes identified within the **Croydon Corporate Plan 2018-2022**. Specifically the key outcomes these contracts will support are:

Outcome 1: People live long, healthy, happy and Independent lives

- Reduces isolation and encourages social interaction.
- Help to address mental health issues for under 25's.
- Equality of access to education and the job market.
- Continued investments in our valued community voluntary sector.

Outcome 4: Everyone feels safe in their street, neighborhood and home

- Working with communities and supporting voluntary organisations to support young people to pursue new opportunities.

Outcome 6: Everybody has the opportunity to work and build their career

- Create opportunities by working with voluntary sector, to increase equality of access to work.

FINANCIAL IMPACT

For the purpose of determining the financial impact of an extension of all seven implied contracts for twelve months via a direct award, we have aggregated the value all seven contracts together; however it should be noted that these are separate and distinct contractual arrangements and, as such, are separate and distinct decisions.

The aggregated to date spend on all seven contracts, up to the 31 March 2020, is £4,353,767.03. Extension for an additional term of up to twelve months, from 1 April 2020 to 31 March 2021, will contribute an additional overall value of £644,058 and increase the aggregate value to £4,997,825.03 value.

There is no intention to increase contract rates for 2020/21, though any Covid-19 related increased expenditure will be considered separately and managed within current council resources

FORWARD PLAN KEY DECISION REFERENCE NO.: 4020FHSC

The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.

Key Decision (contracts with:

- Imagine at an aggregated value of £2,829,000
- Mind (Access to Employment) at an aggregated value of £1,002,5680

The Leader of the Council has delegated to the Cabinet Member for Families, Health, and Social Care in consultation with the Cabinet Member for Finance and Resources the power to make the decisions set out in the recommendations below:

1 RECOMMENDATIONS

- 1.1 The Cabinet Member for Families, Health and Social Care, in consultation with the Cabinet Member for Finance and Resources, is recommended by the Contracts and Commissioning Board to approve the direct award of the two contracts set out at table 1 in paragraph 3.6 for a period of 12 months, with maximum values as set out in the table.
- 1.2 To note the waiver approved by the Chair of CCB in respect of the requirements of Regulation 11.3 to undertake a formal tendering procedure for the contacts set out at table 1 in paragraph 3.6.

2. EXECUTIVE SUMMARY

- 2.1 The council has seven contracts with six voluntary sector providers, delivering employment support, benefits advice, and befriending and counselling for residents with learning disabilities and mental health needs. The services covered within the seven contracts support residents' independence and wellbeing. The Community Support and Active Lives (CS&AL) team within Commissioning and Procurement will lead on conducting a contract review which will explore in depth whether these long-running services are producing their intended outcomes, and whether or not they represent value for money. The services were commissioned at various separate points over the last twelve years and it possible therefore there is some crossover with services delivered by other voluntary sector providers and directly by the council.
- 2.2 It is recommended that the contracts are reviewed and considered alongside borough-wide provision such as the council's employment and welfare support offer. The council is also working closely with the NHS Croydon Clinical Commissioning Group (CCG) on the mental health community offer for residents. To enable a full service review and to develop commissioning intentions, an extension of these implied contracts by way of direct award to the six community-based providers is required for a term of up to twelve months, from 1 April 2020 to 31 March 2021.
- 2.3 It is to be noted that the seven contracts listed in paragraph 3.6 have been included in one report for transparency purposes but they are each separate and distinct contracts. Those listed in table 1 are within Cabinet Member remit to approve, those listed in table 2 are within CCB remit to approve and the one contract in table 3 will be approved under Director delegated authority.
- 2.4 The requested twelve month extension will enable the contracts to be reviewed and a procurement exercise to be conducted, if appropriate. It

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would also allow the employment and welfare offer across Croydon to be considered holistically for the first time, exploring links with Croydon Adult Learning and Training (CALAT) and other services. A thorough service review is proposed, with findings and commissioning options presented to CCB in early August 2020. The service review has been authorised by Guy Van Dichele, the Executive Director of Health, Wellbeing and Adults (HWA).

- 2.5 The proposed contract review would be scheduled for completion by the end of July 2020, with a view to an RP1 being presented to CCB in early August.
- 2.6 The timeline for re-procurement activity would run from late summer 2020 to early spring 2021, with any new services commissioned commencing 1 April 2021.
- 2.7 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1597/20-21	05/08/2020

3. DETAIL

Background

- 3.1 The Council has demonstrated a strong commitment to the voluntary sector despite a challenging financial environment over the last ten years. Via the Community Fund and other contracts and grants, Croydon's voluntary sector has been commissioned to deliver a variety of services to support residents' independence and wellbeing. During this time Council functions such as Gateway and CALAT have also sought to support our more vulnerable residents, and the CCG also funds the voluntary sector for services in this area.
- 3.2 To ensure services are cohesive and represent value for money, these associated services can be evaluated collectively rather than as standalone services; particularly those relating to welfare and employment. Therefore, a service review for the seven contracts that have been "rolling over" for a number of years and have a presumed end date of 31 March 2020 is proposed as the best option for measuring impact and effect. This review process is scheduled for completion by end of July 2020, when options will be considered in conjunction with Members, the CCG and other partners will be made about future delivery.
- 3.3 Following the completion of service reviews, a 'sprint' session will be arranged for members of HWA, CCG, Commissioning and Procurement and SLAM. On completion of the sprint session, a commissioning plan will be drawn up to be approved by CCB via an RP1 report.

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Extension by direct award

- 3.4 The summary of each contract, start date, annual contract value and aggregated value to date can be seen in paragraph 3.6 below. There is no evidence indicating any of the contracts listed in paragraph 3.6 were competitively procured or taken through CCB or an equivalent board. We have located physical contracts/ SLA's for the majority of the seven listed above but all have expired and we currently only have two which are signed copies. Due to the absence of contractual documentation, it is not possible to evidence and confirm the original planned contract length or value. As a result, we cannot determine conclusively if some/all extensions exceed 25% of original contract value. Given the length of the time the contracts have been 'rolled over' for however, it is likely that the contracts have exceed their individual values by more than 25%. Given the current context, a direct award of seven new contracts effecting an extension of the current services for a period of twelve months is the recommended option. It is recommended that this twelve month extension via direct award is approved to facilitate the service review, a scoping of partnership working options and the development of an appropriate commissioning strategy.
- 3.5 In terms of our contractual arrangements with one of the six providers, Imagine; six separate locality-based services were commissioned historically however it is not certain if this was all at once or at different points in time. For that reason, and given the similarity between these services, we have treated them as one combined contractual arrangement for the purposes of this report and its proposed strategy. The aggregate value of the Imagine contract to 31 March 2020 is £2,583,000 and the proposed extension of the services for 12 months via direct award would take that value to £2,829,000.

3.6 List of third Sector Community Support contracts

Table 1

Contract Title	Name of Supplier	Annual contract value	Start date	Aggregated value to date	Value for 12 month	Aggregated value with extension
6 contracts relating to: Mental Health Befriending, Volunteering and self-help services	Imagine	£246,000	19/10/2009	£2,583,000	£246,000	£2,829,000
Access to employment Support (MH) (Additional payment of £35,539 per annum from September 2017)	MIND	£115,374	01/04/2010	£886,804	£115,374	£1,002,568

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Table 2

Contract Title	Name of Supplier	Annual contract value	Start date	Aggregated value to date	Value for 12 month	Aggregated value with extension
Croydon Mencap – Working with learning disabilities	Mencap	£57,552	01/04/2018	£115,104	£57,552	£172,656
Mental Health Drop in and self help	APCMH	£26,000	01/04/2010	£260,000	£26,000	£286,000
Welfare Benefits Advice*	MIND	£123,827	01/09/2017	£313,933	£123,827	£347,760
Access to employment (MH)*	Status Employment	£70,250	01/09/2017	£181,479	£70,250	£251,729

Table 3

Contract Title	Name of Supplier	Annual contract value	Start date	Aggregated value to date	Value for 12 month	Aggregated value with extension
Bereavement counselling*	Cruse	£5,055	01/09/2017	£13,059	£5,055	£18,114

* In October 2017 the Council took over commissioning service following funding withdrawal from CCG.

3.7 In addition to the lack of a record of CCB ratification, it appears there was no contract management framework in place for these services. However the proposed approach of the direct award will enable CS&AL team to monitor and measure the service outputs and outcomes in a way we have not been able to thus far. The CS&AL team has already started regular engagement with these providers. The team now has dedicated contract management resource within it and can implement a good contract and quality assurance framework.

4. CONSULTATION

4.1 Consultation with users will be a key element of the contract review process for the seven contracts. The six voluntary sector organisations will also be key contributors in the review process. Internally, HWA, Commissioning and Procurement will engage with SLAM and CCG colleagues throughout this process. Commissioning colleagues from CCG have endorsed the proposed extension period and service review process. More details about the consultation will be included in the RP1.

4.2 We have had access to a limited amount of recent feedback from users of some of the services; and from colleagues in SLAM and CVA also. Feedback has been positive and included some qualitative detail from the service user perspective. We have explored alternative delivery models with some of the

For Publication

service providers and have evidence that providers are adapting and finding solutions to the challenges presented by Covid-19.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

Revenue and Capital consequences of report recommendations

	2020/21	2021/22	2022/23
REVENUE	£	£	£
Budget	644,058	TBC	TBC
Expenditure	644,058	TBC	TBC

The effect of the decision

- 5.1 As stated within the financial impact above, for the purpose of determining the financial impact of a direct award for all seven contracts we have aggregated them together; however it should be noted that these are separate and distinct contracts and services. The estimated aggregated spend for all seven contracts to the 31 March 2020 is £4,353,767.44. Extension by way of direct award for an additional term of up to twelve months, from 1 April 2020 to 31 March 2021, will contribute an additional contract value of £644,058 and increase the aggregate value to an estimated £4,997,825.03.
- 5.2 The budgets for these services sit within Health Wellbeing and Adults, and Commissioning and Procurement, within the Resources department. Budgets have been allocated for these services in 2020/21.

Risks

- 5.3 There is a significant risk that sudden withdrawal of the services concerned would negatively impact on Croydon's ability to support service users in the community and could directly result in service users seeking, or being placed within, higher cost support. Operational members have been consulted on the potential outcomes of withdrawal of the services concerned and have advised that the likely impact could manifest as: an increase in Croydon's Delayed Transfers of Care (DToC); a negative impact on mental health step downs, and a related retention of service users in Temporary or Emergency Accommodation. There is a wider risk of stress on council services, and in the most vulnerable cases, a risk of unnecessary admissions into hospital.
- 5.4 There appears to have been minimal contract management of the services concerned to date. As a result, we do not have an adequate baseline of volumes and/or performance for these services or providers at present and as a result it is difficult to quantify the potential effect of withdrawal in terms of service user volumes and access rates.

Extending the current service provision through direct award will enable us to issue new twelve months contracts which specify clear standards and deliverables, enabling the CS&AL team to effectively monitor outputs, outcomes and value for money. This would also enable the team to test the

For Publication

current market and produce a more informed set of commissioning options for the longer term.

5.5 Direct award is the proposed route in order to ensure the provision of services continues. Although these are direct awards of 12 months, for the purposes of the PCR 2015, the value for each individual contract is aggregated for its 'rolling' duration and Regulation 72 will therefore apply. The contracts in tables 2 and 3 at paragraph 3.6 are each under the PCR threshold for light touch services. However, there is a potential risk of challenge in relation to the contracts at table 1 of paragraph 3.6 as they are over the light touch regime threshold. However in determining the most appropriate way forward, we have weighed this risk against that associated with an abrupt break in service provision to a vulnerable client group, many of whom have multiple and complex needs, and also the financial burden a short-term procurement would create. Risk of challenge can be mitigated further in part by commencing the full contract reviews as soon as possible, with a clear commissioning strategy developed and agreed within 2 months of starting. It is also to be noted that, given a key decision notice was not published at the point at which the aggregate value of the services with Imagine reached £1m, one is being published for this 12 month extension.

5.6 There is no intention to increase contract rates for this year, though any Covid-19 related increased expenditure will be considered separately.

Future savings/efficiencies

5.7 The seven individual contracts each play an important role in the council's prevention/early intervention agenda and will have contributed to efficiency through cost avoidance. It is expected that the extension of the contracts will continue to divert service users away from higher cost services, hence representing an efficient investment. Extending the service would also provide continuity for our residents whilst longer-term commissioning options are evaluated.

5.8 The twelve month extension will provide a level of stability while we undertake more robust review of service outcomes and clarify our longer-term commissioning strategy in this area. It is anticipated that efficiencies can be made within the current contract arrangements without sacrificing service provision.

Approved by Josephine Lyseight and Ian Geary, Heads of Finances, on behalf of the Director of Finance, Investment & Risk

6. LEGAL CONSIDERATIONS

6.1 The legal considerations are as set out within this report

Approved by Kiri Bailey on behalf of the Director of Law and Governance & Deputy Monitoring Officer

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7. HUMAN RESOURCES IMPACT

- 7.1 There are no HR implications arising from this report for Croydon Council staff, as this report recommends the extension of an existing contracts, which means that the current staffing arrangements would remain the same.

Approved by: Deborah Calliste, on behalf of the Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 Service reviews conducted will include an Equality Analysis to ascertain the potential impact on groups that share a protected characteristic.

Approved by: Yvonne Okiyo, Equalities Manager

9. ENVIRONMENTAL IMPACT

- 9.1 There is no environmental impact that can be determined from the current information for all seven contracts. Furthermore no environmental assessments could be found and so far appears as though there was never a need for this.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 The contracted services listed in paragraph 3.6 of this document make an important contribution to reducing crime as well as the effects of crime on service users.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 Direct award for twelve month is recommended for the following reasons:

- Continuity of service is safeguarded.
- This is the minimum amount of time needed to run an effective procurement exercise if the decision, following the review, requires it for all seven contracts.
- It would provide our third sector partners with enough security for this year whilst allowing them enough time to effectively prepare for change if needed.
- It allows to explore options for integrated contract arrangements with the CCG and how services link to existing in-house provision (particularly around welfare and employment support).
- It enables us to engage service users in the review and strategy development, via the commissioned service providers. This is an

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otherwise hard to reach group whose views are often not represented adequately.

- The seven individual contracts each play an important role in our commitment to preventative, locality-based services.
- Members have agreed that SLaM's Community Opportunities Service will be due to be reconfigured which alongside the opening of the Recovery Café has the potential to increase demand for existing services.

12. OPTIONS CONSIDERED AND REJECTED

12.1 The following options were rejected in favour of extension by direct award:

12.2 **OPTION 1:** Terminate all seven contracts pending a more detailed service review. This approach was rejected because:

- Without sufficient information we cannot accurately scope the impact this decision would have on service user wellbeing in terms of volumes but there is consensus that withdrawal of these specialist community services could increase usage and dependency of other council services as well as inhibiting step downs.
- There is a risk that withdrawal of these specific community services could negatively affect DToC rates.

12.3 **OPTION 2:** Do nothing. These contracts have been in effect "rolling over" for a number of years and a second option would be to allow them to roll over for a further period whilst the review is carried out and commissioning strategy is developed. This option was rejected because:

- It falls short of our tenders and contracts regulations as well legislative responsibility
- It does not provide any security to the supplier or the council during what could possibly be a difficult and unpredictable transition period

13. DATA PROTECTION IMPLICATIONS

13.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

YES - From the information that is available there is some personal data that is moving between at least a few of the contracted providers and council. This information includes referral data that contains service user specific data including reasons for referral, their location and contact details but this will be fully looked at during service reviews.

13.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO - The commissioning team will be conducting reviews up until the end of August 2020. Once completed, a longer-term commissioning strategy is to

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be agreed. A full DPIA will be completed in conjunction with this.

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BACKGROUND DOCUMENTS:

None