

## Appendix 3: Procurement and Commissioning Plan



Halton Borough Council

Supporting People  
Commissioning and Procurement Action Plan

October 2009

## General Introduction

The Commissioning and Procurement Action Plan draws upon the DCLG best practice guide entitled “A Guide to Procuring Care and Support Services” published in October 2006. This guide was based upon the work of Value Improvement Projects conducted by Plymouth and Leeds Supporting People teams.

The intention of this plan and guidance is to complement the approach to joint commissioning and procurement of Halton Borough Council.

## General Context

The Supporting People (SP) programme was launched on 1<sup>st</sup> April 2003 with the aim to bring together into one grant pot all previous funding streams for the provision of housing related support to vulnerable people, which enable them to live independently and maintain their tenancies. The SP programme allows a more integrated approach to the commissioning of high quality and strategically relevant support services. Supporting People is administered by Halton Borough Council on behalf of the Commissioning Body, which comprises representatives from Probation and Health as well as Halton BC.

The commissioning and procurement of housing related support services carry with them a significant level of risk. Supporting People services are, by their nature, being delivered to some of the most vulnerable people in society. Many of these services are also high value providing support to service users with multiple and complex needs. The combination of high risk and high value strengthens the need for the Supporting People programme in Halton to have a planned and structured approach to commissioning and procuring services.

The programme is still built upon a foundation of legacy services that were inherited from numerous funding streams that were united within the Supporting People funding pot. Service providers have undergone a significant period of change and uncertainty as they have come to terms with the new funding regime and the related administrative arrangements. A clear commissioning approach and imaginative and innovative procurement solutions have to be balanced with providing security and stability in the marketplace.

The programme is also inextricably linked to housing, which brings with it a degree of inertia in redirecting resources and developing new opportunities. The inherent delays in the planning and building of many accommodation-based services have to be recognised in the commissioning context. Whilst fully aware of the opportunities that are presented by the removal of a direct link between Supporting People and particular types of tenure the Supporting People programme cannot ignore the significant financial and emotional investment in buildings that is expressed by our partners, providers and service users.

From 2009, for the first time, Supporting People funding is being paid to Local Authorities as an un-ringfenced named grant within the Area Based Grant.

## **Local Context**

Halton outlined its vision for the SP programme and commissioning priorities within its Supporting People 5 year strategy document 2005 –2010. The Commissioning Body and its partners agreed the following vision for the programme

“To improve the quality of life of vulnerable adults in Halton by offering diverse and flexible housing support services, which respond to their needs and aspirations, enabling them to reach their potential for independent living and ensuring their health and wellbeing”.

The services provided in Halton cover a diverse range of client groups and these can be clustered into three groups in line with the Communities and Local Government (CLG) “super user groups” of client needs as shown in table 1 below.

Table 1: current services within Halton

<b>Cluster</b>	<b>Needs groups</b>
Independence with Support	Older people with support needs, frail elderly people, older people with mental health problems
Support with Care	People with learning disabilities, people with physical or sensory disabilities
Socially Excluded	Single homeless people with support needs, homeless families with support needs, people with mental health problems, people who misuse alcohol or drugs, travellers, teenage parents, young people leaving care, young people at risk, women fleeing domestic violence, offenders and those at risk of offending, members of the BME community, families at risk of homelessness due to their anti-social behaviour

One of the key intentions of the Commissioning and Procurement Plan will be to bring the split of funding between clusters in Halton broadly in line with the CLG’s indicative figures, subject to locally expressed demand and supply.

### **Financial context in Halton**

Our commissioning and procurement intentions clearly have to sit within the parameters of the money that is available to fund Supporting People services. In December 2007 the CLG published the levels of funding that the Supporting People programme can expect to receive up until 2010/11. For Halton this announcement set out a reduction in funds:

Table 2 : Funding projections for the Halton Supporting People programme

Year	Grant	Decrease
2008/9	7,602,565	201,149
2009/10	7,222,437	380,128
2010/2011	6,861,315	361,122

The Halton SP programme has already achieved significant efficiency savings since its implementation in April 2003 within a context of reduced grant funding as shown below:

Table 3 : Efficiency gains since the implementation of SP

Year	Grant	Services	Service users
2003	£8,191,775	109	2593
2009	£7,222,437	111 (incl. short-term services)	3616

The table above gives an indication of the efficiency gains that have been made to date via negotiation and small scale tendering. In addition, the contract monitoring and review process over the past 6 years has ensured that, alongside expanded and enhanced service provision, the quality of the service delivery has been monitored effectively and a culture of continuous improvement embedded throughout the programme.

### **What do we mean by commissioning?**

Commissioning is the process of specifying, securing and monitoring services to meet people's needs at a strategic level. Commissioning is an ongoing process, it deals with whole groups of people - which distinguishes it from the process of buying individual services.

### **What do we mean by procurement?**

The Supporting People commissioning body in Halton has borrowed a phrase taken from the CLG's guide to help define what the scope of the procurement process is.

"Procurement is ... the acquisition of goods and services from third party suppliers under legally binding contractual terms where all the conditions of a legally binding contract have been met."

Procurement needs to be distinguished from commissioning. Commissioning is the process of agreeing **what** the local Supporting People partnership wants to buy. This will entail the detailed consideration of local needs, local supply, local priorities and agreeing a strategic direction for the programme. Procurement is the process of **how** the local Supporting People partnership will make the purchase.

## **What are our guiding principles?**

In preparing the commissioning and procurement action plan particular attention has been paid to:

- the legal framework within which procurement operates including EU directives (see appendix 1)
- developing an approach that is transparent and open to scrutiny; and
- being mindful of best practice as demonstrated by others

## **What are our objectives?**

Through the adoption of this plan and guidance our intentions are to:

- support the achievement of the vision of Halton's 5 year SP strategy 2005-2010
- improve the quality of Supporting People funded housing related support services in Halton;
- achieve efficiencies from the Supporting People programme in Halton;
- recycle the savings from the efficiencies that are delivered into higher quality and a greater quantity of services; and
- stimulate innovation in the provision of housing related support services and challenge the status quo.

At the centre of all these objectives are the service users. The ambitions of the over-arching five year Supporting People strategy can only be achieved in terms of higher quality and a broader range of services through the most effective use of resources. The commissioning and procurement plan is a key tool in meeting the needs of the vulnerable people of Halton.

## **Governance and management**

The commissioning priorities for the Supporting People programme will be agreed by the Commissioning Body. These priorities will reflect the proposals set out in the 2005-10 Supporting People strategy and the broad aims of the Halton Strategic Partnership.

The timetable for the procurement action plan will be reviewed annually by the Commissioning Body to accommodate any significant changes arising from shifts in strategic direction.

The delivery of the procurement action plan will be the responsibility of the Supporting People Accountable officer. Day-to-day management of the procurement plan will be the responsibility of the Supporting People Lead Officer.

The Commissioning Body remains ultimately responsible for the governance of the procurement action plan and sanctioning all procurement decisions. The reporting arrangements for the Commissioning Body through to the relevant Strategic Partnerships are currently subject to discussion and final agreement.

## Commissioning Plan

### Context

The plan needs to be firmly based in the reality of the funding arrangements for Supporting People services. The Supporting People programme in Halton is faced with a reduction in revenue. Table 2 sets out this funding reduction.

This ongoing reduction in funding makes the effective use of resources to meet our priorities all the more important.

Within the original 5 year SP strategy the analysis of supply and need highlighted the priorities shown in table 4 below.

Table 4 : SP 5 year Strategy priorities 2005-2010

CLIENT GROUP	NEED	UPDATE
Single Homeless with Support Needs, Young People at Risk and Leaving Care	1 <sup>st</sup> Priority for <b>increased</b> provision	Still remains a priority although additional support services implemented through short term projects.
People with Physical and Sensory Disability	2 <sup>nd</sup> Priority for <b>increased</b> provision	Accessible homes register implemented.
People with Mental Health Problems	3 <sup>rd</sup> Priority for <b>increased</b> provision	Mental health and accommodation strategy is to deliver proposals.
Frail Elderly and Older People with Support Needs	4 <sup>th</sup> Priority for <b>increased</b> provision	40 unit scheme developed. Plans in place for additional units with RSLs/private developers.
Mentally Disordered Offenders	<b>Small increase</b> in provision required	Spot purchase as necessary.
Offenders / People at Risk of Offending	<b>Increased</b> provision	Additional support being provided through expanded and short-term community based services.
Teenage Parents	<b>Increased</b> provision	Generic support services picking up these clients.
People with HIV/AIDS	Monitor need and identify provision	Monitor need and identify provision as necessary
Refugees and other Black and Minority Ethnic (BME) Groups.	Arrangements for the dispersal of asylum seekers to Halton are possible	Specific support service for BME community commissioned from Nov 2008.
People with Drug and Alcohol Problems	<b>Small increase</b> in provision required	Specific floating support services have been expanded.
Generic	<b>Reduction</b> in generic provision	Additional services have been developed on a specific client needs basis so the proportion of generic services has reduced
People with Learning Disabilities	<b>Reduction</b> in spending	Significant reduction in spending achieved through application of eligibility criteria
People with Drug Problems	<b>Reduction</b> in unit costs	Achieved through review and value for money process.

In recognition of these strategic priorities considerable work has already been undertaken to meet the identified needs and to reduce costs in line with eligibility and value for money criteria as outlined in the update column.

These priorities were reviewed again in early 2009 and further refined to take into account new supply and demand information highlighted in local strategies as well as evidence from the North West Supported Housing Needs Assessment Model.

### **Current Needs Analysis for Halton**

The first iteration of the North West Supported Housing Needs Assessment model was produced in November 2008 including locally amended figures on supply and demand for accommodation and non-accommodation based housing support services..

For Halton the model indicates:

- a significant requirement of around 470 units of additional accommodation based and non-accommodation based support services for the socially excluded groups, particularly for young people and single homeless.
- a need for increased accommodation provision for frail elderly (ie. extra care) but a potential oversupply of “traditional” sheltered housing
- a limited requirement for additional services for the “support with care” client groups, ie. learning disabilities and sensory or physical disabilities.

Further work is required on this model to refine the results and the SP team will be submitting additional local information in December 2009 for the next iteration.

In particular there needs to be some refinement around the figures for drug and alcohol misuse services as it is believed that many of these clients are already accessing services which have a different “primary need” categorisation. This may also be the case for offenders and young people.

The pattern of supply and needs for Halton reflects that of the North West region as a whole.

Other strategies within HBC have identified needs for services and these include:

- an additional service of around 30 accommodation units with support for single people, based in Widnes (HBC Homelessness Strategy)
- 196 units of extra care accommodation by 2017 (HBC Commissioning Strategy for Extra Care)
- provision of additional services for people with mental health needs (Mental Health Accommodation & Support Strategy)

The SP allocation for Halton faces a reduction and this is combined with Halton's aspirations for increased service provision. The business case for the commissioning and procurement plan is the need to resolve this disparity.

### **The funding arrangements**

Significant work has already been undertaken to manage the financial constraints on the Supporting People programme in Halton and ensure a prudent approach to budget management. Reductions to the original funding levels have already been implemented in particular for services for people with learning disabilities. These reductions have been managed through the stringent application of the Supporting People programme's eligibility criteria and a requirement for all providers to demonstrate value for money in service provision.

Currently some of the Supporting People budget is utilised to fund innovative short-term projects. However, particularly to avoid uncertainty over funding streams for our service providers, the intention is to develop more permanent funding arrangements. In some instances this may mean that short-term projects are confirmed as permanent projects where they meet the strategy objectives.

### **Commissioning Action Plan proposals**

The needs analysis and strategic priorities indicate where additional SP funding is required as a priority. In addition further services will be required, particularly within the socially excluded groups, in order to meet likely demand over future years. This has to be achieved within the context of a diminishing un-ringfenced SP allocation.

The procurement plan will deliver more detail with regard to how this will be achieved. Prior to undertaking commissioning decisions each proposal will have to deliver a clear a specification of services required and needs to be met. Delivery of a detailed specification will include close consultation with all partners, joint commissioning managers, service users and, where appropriate, neighbouring authorities in the case of cross boarder initiatives.

Further amendment of the Commissioning Action Plan will also have reference to Supporting People's linkage to the Local Strategic Partnership.



## Procurement Action Plan

### **Context**

Evidently there is a linkage between the commissioning proposals for Supporting People services in Halton and the procurement arrangements. Procurement will have a central role in delivering the additional services outlined in the commissioning plan. In addition successful procurement will maintain and enhance the quality and quantity of existing services.

All Supporting People services were systematically reviewed over the period 2004 to 2007. These reviews considered the cost, quality and strategic relevance of services. The result of this service review exercise is that those providers who have been deemed fit have been offered a steady state contract. In some cases there have been agreed extensions of these contracts pending the full procurement process.

### **Procurement options**

Recommendations will be made regarding the future delivery of existing services through the continued emphasis on service reviews. The review process will inform decisions about procurement and recommendations will set out the most effective solutions for future procurement in the service area.

Potential options include:

- The cessation of services, in whole or in part;
- The transfer and externalisation of services;
- The market testing of all or part of the services;
- The restructuring or enhancement of in-house services;
- The renegotiation of existing contracts;
- The use of public sector consortia;
- The use of non-profit organisations; and
- The joint commissioning or delivery of services.

Consideration of all of these options will benefit from professional advice, where necessary, from the Corporate Procurement Team and, where appropriate, advice from the Council's HR, financial and legal advisers.

### **The development of the market**

The programme will promote the opportunities for providers to understand the procurement opportunities in Halton. This promotion of interest and healthy competition will be achieved through a number of initiatives.

1. Communication with existing suppliers will be enhanced through:
  - existing methods such as the provider forum will relay regular guidance on opportunities that are arising; and
  - information on procurement on Halton's Supporting People website
2. Competition will be encouraged through:

- specific procurement events to raise awareness among providers about the expectations of the procurement process;
  - developing clear requirements and information for all procurement activity;
  - the wide advertising of procurement to attract interest from beyond the existing pool of providers; and
  - the imaginative use of contracts that incentivise providers to deliver high quality services.
3. Best practice will be encouraged through:
- the Supporting People team seeking out good procurement practice from other Administering Authorities

**Proposed procurement timetable**

Table 5: proposed procurement timetable

<b>Service type</b>	<b>Tender</b>	<b>New contracts</b>
Domestic Violence services	May 2009	Dec 2009
Learning disability & mental health	Jan 2010	Sept 2010
Socially excluded including homeless & generic floating support	Sept 2010	April 2011
Older people services	Sept 2011	April 2012

The timetable in table 5 is indicative only and may be subject to amendment depending on internal and external influences on the process.

## **Appendix 1**

### EU Procurement Directives - an outline

The European Union (EU) procurement directives, and the Regulations that implement them in the UK, set out the law on public procurement. Their purpose is to open up the public procurement market and to ensure the free movement of goods and services within the EU.

The rules apply to purchases by public bodies and certain utilities which are above set monetary thresholds. They cover all EU member states and, as a result of international agreements, their benefits also extend to a number of other countries worldwide. Where the regulations apply, contracts must be advertised in the Official Journal of the EU and there are other detailed rules that must be followed. The rules are enforced through the courts, including the European Court of Justice.

In general the directives set out the following approach:

- equality of opportunity in bidding for all public procurement contracts - all suppliers in the EU and certain other states including the USA have rights of access to these contracts;
- the legislation applies to contracts over the relevant threshold value these are altered bi-annually;
- EU-wide advertisement of contracts well in advance of need with common lead in times around six to nine months;
- open technical specifications;
- limitations on the length of commercial agreements, with great emphasis placed on the need for periodic public competition; and
- reporting of the reasons for procurement decisions to participating suppliers and to the European Commission.

Appendix 2



