

Report of Head of Commissioning and Market Management

Report to Director of Children's Services

Date: 13 February 2017

Subject: Contract invocation of the Contracts Procedure Rule(s) 21.2 and 21.7 in order to extend and, where applicable, vary the value of contracts with organisations for the delivery of services commissioned by Children's Services

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

The council is facing continued financial pressures through a combination of reduced funding, rising costs and growing demand. In order to help meet the significant financial pressures within Children's Services and the Council more widely, a target savings of 15% has been set for Children's Services commissioned services in 17/18. A total of £7m of contracts are considered to be in scope for this programme of savings.

CLST has been kept regularly updated on commissioning plans, including proposed savings. On 31st January 2017, CSLT approved a number of savings proposals where impact assessments have been undertaken jointly with providers. For a number of contracts, this involves invoking contract procedure rules to extend and/or vary contracts, as detailed at Appendix A of this report:

The report seeks the approval of the Director of Children's services in invoking the requirements of the Council's Contracts Procedure Rules (CPR) in respect of existing contractual arrangements.

Current contractual arrangements are due to expire on 31st March 2017. All contracts have options to extend within the terms and conditions, which we propose to take up.

In allowing the current providers to deliver services from April 2017, Children Services will benefit in the following ways:

- The continuation of the current provider base will ensure continuity in service delivery and will reduce the need for transfer or redundancy of staff. Contract monitoring arrangements indicate that current providers are meeting their performance objectives.
- Current providers would offer the best value for money option to LCC, as an open market competition leading to changes of providers would not be possible in the timeframe available and would incur disproportionate transition costs.

Negotiations have taken place with providers to identify savings and efficiencies to enable Children's Services to meet the budget savings target set for 2017/18. A formal contract variation will be put in place for contracts where a reduction to the current contract value has been negotiated with the provider.

Authority is also sought to enter into separate discussions around minor changes to KPIs and performance measures with services that are subject to a funding reduction. A discrete contract variation will be issued to reflect any changes to the scope of the contract, in line with CPR 21.6.

The impact on service users, the organisation and other stakeholders have been assessed in partnership with individual providers.

Recommendations

- 1) The Director of Children's Services is recommended to approve the invocation of CPR 21.2 to **extend** the following contracts

Contracts Procedure Rule No 21.2 – any contract extension must be approved by and dealt with by the relevant Chief Officer.

Between £10k and £100k - Intermediate Value contract extensions:

- Community Accord: The sum of £15,000. The contract extension shall commence on 1 April 2017 and expire on 31 March 2018
- Leeds Gypsy and Traveller Exchange (GATE): The sum of £26,601. The contract extension shall commence on 1 April 2017 and expire on 31 March 2018
- Leeds Community Healthcare Trust: The sum of £35,000. The contract extension shall commence on 1 April 2017 and expire on 31 March 2018
- Women's Health Matters: The sum of £36,067. The contract extension shall commence on 1 April 2017 and expire on 31 March 2018

Over £100k - High Value contract extensions:

- HomeStart Leeds: The sum of £189,000. The contract extension shall commence on 1 April 2017 and expire on 31 March 2018
- BARCA Leeds: The sum of £340,000. The contract extension shall commence on 1 April 2017 and expire on 31 March 2018

2) The Director of Children's Services is recommended to approve the invocation of CPR 21.7 to **vary** the following contracts

Contracts Procedure Rule No 21.7 – all Contract variations must be in writing and signed by both the Council and the provider except where different provisions are made within the Contract documentation. The value of each variation must be assessed by the Authorised Officer and a Delegated Decision taken by the relevant Chief Officer

- HomeStart Leeds: A variation to reduce the annual value of the contract from £210,000 to £189,000. This represents a saving of 10%, or £21,000 per annum. The contract variation shall commence on 1 April 2017
- BARCA Leeds: A variation to reduce the annual value of the contract from £475,000 to £340,000. This represents a reduction of 28%, or £135,000 per annum. However, the reduction includes £75,000 of Families First funding which is due to end on 31st March 17 and it is not yet clear whether any further funding may be available, therefore the annual saving to LCC is £60,000. The contract variation shall commence on 1 April 2017
- Women's Health Matters: A variation to reduce the annual value of the contract from £42,432 to £36,067. This represents a saving of 15%, or £6,365 per annum. The contract variation shall commence on 1 April 2017

1 Purpose of this report

- 1.1 The report seeks to invoke CPR 21.2 in respect of the extension of a number of contracts, and CPR 21.7 in respect of a number of variations.

2 Background information

- 2.1 The council is facing continued financial pressures through a combination of reduced funding, rising costs and growing demand. In order to help meet the significant financial pressures within Children's Services and the Council more widely, a target savings of 15% has been set for Children's Services commissioned services in 17/18. A total of £7m of contracts are considered to be in scope for this programme of savings.
- 2.2 There is recognition that not all commissioned services offer equal value in delivering the aims of the Children and Young Peoples' Plan. So rather than simply cutting 15% from each contract to find the savings, a process of evaluating services as part of a wider theme of similar activity has been undertaken to ensure that budget savings proposals are identified which limit the impact on service outcomes.
- 2.3 Each area of commissioning has required an individual approach to making savings depending on a number of issues including strategic fit, contract end date and service performance.
- 2.4 Providers have been informed of the proposals in relation to their contracts. Any proposed reductions have been agreed with providers and the impact on service users, the organisation and other stakeholders have been assessed in partnership with individual providers.
- 2.5 CLST has been kept regularly updated on commissioning plans, including proposed savings. On 31st January 2017, CSLT approved a number of savings proposals where impact assessments have been undertaken jointly with providers. For a number of contracts, this involves invoking contract procedure rules to extend and/or vary contracts, as detailed below and at Appendix A of this report:

2.5.1 Advocacy Services

The contract with Community Accord for Early Help/Complex Needs Mediation and Disagreement Resolution Services has an approximate value of £15k as the service is dependent on demand. The service meets the requirements of the Children and Families Act 2014 to 'provide an opportunity for parents and young people to go to mediation and/or a disagreement resolution process prior to registering an appeal with the First-tier Tribunal'. The contract will be extended for one year from 1st April 2017. There are no efficiencies to be made.

2.5.2 Family Support

The HomeStart Leeds contract will be extended for one year from 1st April 2017 with a 10% reduction to the contract value. This volunteer family support service contributes to the targeted family services in Leeds. The

service will then be reviewed in context of changes to family support and social work practice following innovation/partners in practice bid.

Saving identified, subject to contract variation - £21,000

2.5.3 **Other**

Leeds GATE - the contract with Leeds Gypsy and Traveller Exchange (GATE) for Outreach and engagement activity with young people from Gypsy and Irish Traveller communities has a value of £26,601. The contract will be extended for one year from 1st April 2017. There are no efficiencies identified.

2.5.4 **Short Breaks**

The contract with Leeds Community Health Care NHS Trust (LCHT) for specialist health training for short breaks providers has a value of £35k. The service is dependent on demand. The contract will be extended for one year from 1st April 2017. There are no efficiencies to be made at this time, however further discussion will take place in-year to ensure the service sits in line with the current review of the full short breaks service

2.5.5 **Youth Work/ Adolescent Services**

a) The BARCA: Youth Inclusion Project supports 8 -13 year olds to find alternatives to chaotic lifestyles that may involve significant levels of truancy, offending or antisocial behaviour. This contract was subject to a £100k reduction in 2016/17 but £75k of Families First funding was added, which offset much this saving. The Families First funding is due to end on 31st March 17 and it is not yet clear whether any further funding may be available. This means that the provider is planning for a 28% reduction in funding overall, amounting to £135k. However, only £60k of this constitutes a saving to LCC

Saving identified, subject to contract variation - £60,000

b) Women's Health Matters: Include - The service delivers support for vulnerable pregnant young women to provide access to information, support and resources allowing them to make informed choices about their pregnancy, parenthood, relationships and sexual health. The contract will be extended for one year from 1st July 2017, with a 15% reduction to the contract value being implemented from 1st April 2017.

Saving identified, subject to contract variation - £6,365

2.5.6 **In relation to all contracts**

Discussions will take place with providers to agree minor changes to KPIs and performance measures where services have been subject to a funding reduction, in line with CPR 21.6.

3 Main issues

Reason for Contracts Procedure Rules Invocation

- 3.1 The report seeks the approval of the Director of Childrens services in invoking the requirements of the Council's Contracts Procedure Rules (CPR) in respect of existing contractual arrangements.
- 3.2 Current contractual arrangements are due to expire on 31st March 2017. All contracts have options to extend within the terms and conditions, which we propose to take up.
- 3.3 Negotiations have taken place with providers to identify savings and efficiencies, to enable Children's Services to meet the budget savings target set for 2017/18. A formal contract variation will be put in place for contracts where a reduction to the current contract value has been negotiated with the provider.
- 3.4 Authority is also sought to enter into separate discussions around minor changes to KPIs and performance measures with services that are subject to a funding reduction. A discrete contract variation will be issued to reflect any changes to the scope of the contract, as permissible under CPR 21.6
- 3.5 In allowing the current providers of services to deliver services from April 2017, Children Services will benefit in the following ways:
 - The continuation of the current provider base will ensure continuity in service delivery and will reduce the need for transfer or redundancy of staff. Contract monitoring arrangements indicate that current providers are meeting their performance objectives.
 - Current providers would offer the best value for money option to LCC, as an open market competition leading to changes of providers would not be possible in the timeframe available and would incur disproportionate transition costs

Consequences if the proposed action is not approved

- 3.6 The following consequences have been identified if a decision is not taken on arrangements for April 2017
 - The LA would not have service delivery models in place from April 2017 which ensures it is meeting its statutory duties.
 - Delays or difficulties in agreeing contract changes / variations with continuing contracts will impact on the ability to implement the chosen options for delivery.
 - Any delay in the setting up of the contract leads to an inevitable delay in payment. This has often resulted in member involvement through understandable lobbying of local members where the service is currently located. The proposed arrangement for this year will ensure the process can be

communicated well in advance of the end of the current contract and that we have clear contractual arrangements in place.

Advertising

- 3.7 These contracts have not been advertised through the OJEU open market process for the reasons outlined in section 3.2.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Current service providers have been informed of the intention to extend their existing contract.
- 4.1.2 Discussions have taken place with all Heads of Service and Service Leads to confirm proposed contract arrangements for service delivery.
- 4.1.3 Children's Services Leadership Team (CSLT) reviewed the proposed expenditure on contracted services for 2017/18 on 31 January 2017.
- 4.1.4 The Lead Member for Children's Services was consulted on the proposals on 13 October 2016 and 10 November 2016

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The extension and variation of current contracts where contractual arrangements allow, means that the current service delivery model will continue. The service will be to the same client group. The decision to continue the delivery of current service arrangements will not have any adverse impact on any equality group.

4.3 Council Policies and Best Council Plan

- 4.3.1 These contracts deliver against the priorities set out in the Children and Young People's Plan:
- Ensure that the most vulnerable are protected
 - Increase numbers participating and engaging
 - Improve outcomes for CYP with special educational needs and/or disability
 - Support children to have the best start in life and be ready for learning
 - Encourage physical activity and healthy eating
 - Promote sexual health
 - Minimise the misuse of drugs, alcohol & tobacco
 - Improve social, emotional and mental health and well being
 - Increase participation, voice and influence
- 4.3.2 These contracts also deliver against the Best Council Plan priority to become a Child Friendly city by delivering services which ensure:
- children and young people are treated fairly and feel respected

- children and young people have the support and information they need to make healthy lifestyle choices
- children and young people express their views, feel heard and are actively involved in decisions that affect their lives

4.4 Resources and Value for Money

4.4.1 The contracts represent Value for Money by:

- Reducing disruption to existing services by ensuring continuity of current providers from April 2017.
- Negotiating savings and efficiencies with providers to enable Children's Services to meet the budget savings target set for 2017/18.

4.4.2 The financial implications of this report is:

Total cost **per annum** of 2017/18 contracts if extensions taken up £ 642,168

Annual saving of £ 87,365

4.5 Legal Implications, Access to Information and Call In

4.5.1 The Chief Officer Public, Private, Partnerships & Procurement, has advised that it would be lawful for the Council to invoke the provisions of Contracts Procedure Rule 21.2 & 21.7 in these circumstances, provided that the Director is satisfied that there are compelling reasons to do so, as set out in this report.

4.5.2 The value of individual contracts detailed within this report are below the level for key decisions as prescribed within the council's constitution and therefore are not subject to call-in.

4.6 Risk Management

The project team has identified any risks and actions to mitigate these as part of the commissioning programme plan for each service. Some of the risks identified are listed below.

4.6.1 In the event this invocation to extend and vary these existing contracts is not approved, LCC duties will remain and therefore alternative delivery arrangements will need to be put in place for April 2017.

4.6.2 There are no internal HR implications but a failure to act promptly will affect the capacity of contracted organisations to deliver against our priorities.

4.6.3 Services that are subject to a funding reduction may not be able to deliver all aspects of the current service. To mitigate this risk, minor variations to existing KPIs and performance measures will be implemented where necessary. Robust contract management and monitoring will ensure services continue to meet their contractual requirements

4.6.4 Where there have been no funding reductions, organisations will commit to maintain their existing service provision, and existing terms and conditions of contract.

5 Conclusions

- 5.1 The Director of Children's Services is requested to note the contents of this report and approve the invocations of the contracts procedure rules as detailed in Section 1 of the report and as substantiated in Sections 2 and 3 of the report.
- 5.2 This decision will secure continuation of services which demonstrate value for money and strategic fit.
- 5.3 Risk of challenge is mitigated by future plans for competitive tendering, joint commissioning or potential for competitive tendering following reviews, all of which should improve value for money.
- 5.4 This decision follows a detailed process of consultation and collaboration with key partners and will allow Children Services to generate the savings and efficiencies required for 2017/18.

6 Recommendations

- 6.1 The Director of Children's Services is recommended to approve the invocation of CPR 21.2 to **extend** the following contracts

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7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Appendix A - Childrens Services block extension report for 17/18

Category: Advocacy Services

Service	Provider	Contract extension details	Contract variation details	Contract extension value 17/18
Early Help/ Complex Needs Mediation and Disagreement Resolution Services	Community Accord	Take up final 12 month extension on existing terms and conditions from 1 April 2017 – 31 March 2018	None	£15,000

Category: Family Support

Service	Provider	Contract extension details	Contract variation details	Contract extension value 17/18
Family Support Service – volunteers and workers supporting families of children age 0-7 years	HomeStart Leeds	Take up 12 month extension from 1 April 2017 – 31 March 2018	Reduction of 10% from £210,000 to £189,000 Saving - £21,000	£189,000

Category: Other

Service	Provider	Contract extension details	Contract variation details	Contract extension value 17/18
Outreach and engagement activity with young people from Gypsy and Irish Traveller communities in order to increase contact with mainstream services for young people.	Leeds Gypsy and Traveller Exchange (GATE)	Take up second of 4 x 12 month extension options on existing terms and conditions from 1 April 2017 – 31 March 2018	None	£26,601

Category: Short Breaks

Service	Provider	Contract extension details	Contract variation details	Contract extension value 17/18
Specialist health training for short breaks providers	Leeds Community Health Care NHS Trust (LCHT)	Take up first of 3 x 12 month extension options on existing terms and conditions from 1 April 2017 – 31 March 2018	None	£35,000

Category: Youth Work/ Adolescent Services

Service	Provider	Contract extension details	Contract variation details	Contract extension value 17/18
Youth Inclusion Commission (Youth Inclusion Project – YIP). Youth work approach to interventions to prevent offending behaviour	BARCA Leeds	Take up 12 month extension option from 1 April 2017 – 31 March 2018	Reduction of 28% from £475,000 to £340,000 £75,000 of this is Families First/Family Valued money so does not constitute a saving to LCC Saving - £60,000	£340,000
Include project. Support for vulnerable pregnant young women.	Women's Health Matters Ltd	Take up 12 month extension option from 1 April 2017 – 31 March 2018	Reduction of 15% from £42,432 to £36,067 Saving - £6,365	£36,067