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**CONTRACTS REPORT**

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**Responsible Cabinet Member – Councillor Veronica Copeland, Adult Services and  
Councillor Stephen Harker, Resources  
Responsible Director – Cliff Brown, Director Community Services and  
Lorraine O’Donnell, Assistant Chief Executive**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To seek permission of Council to waive Contract Procedure Rules to:
  - (a) extend a number of contracts within the Adult Social Services area and Supporting People Services to allow officers to collaborate to deliver better services to users;
  - (b) allow officers to use the Negotiated Procedure to purchase proprietary software to upgrade Council systems.

**Summary**

2. The revised Contract Procedure Rules require all procurements to be designated strategic and non-strategic for the purpose of delegating contract award decisions. The criteria for deciding whether a contract is strategic or not is based on value and risk. The aggregated value and the nature of the service provided under these contracts mean that the procurement will be designated as strategic.
3. The new rules also require that a procurement strategy is produced for all procurement designated as strategic. This strategy is to be approved by Cabinet and progress monitored by Resources Scrutiny. Part of this strategy would be to tender jointly. In order to meet the requirements to produce the procurement strategy officers need to request the waiving of Contract Procurement Rules that require tenders to be carried out for contracts over the value of £75,000, to allow contracts to be extended for six months.

**Adult Social Care**

4. The Strategic Commissioning Group has been reviewing the way the Council delivers services for adult care. The review looked at the services delivered by Adult Social Services, Supporting People and the PCT and considered the possibility of collaborating in a joint tender exercise. In addition there are a number of drivers for jointly commissioning services. However to enable this joint exercise to take place a number of contracts will have to be extended for six months.

## **ICT Provision**

5. In order for ICT to maintain the service for both Carefirst and EMS the systems need to be upgraded. The software is a proprietary product and can only be purchased from OLM and Capita respectively. The appropriate procurement route to follow is the Negotiated Route. The Contract Procedure Rules do not allow for officers to make a decision to use the Negotiated Procedure. The Contract Procedure Rules would therefore need to be waived to allow the use of this procurement route to purchase the upgrades.
6. The Warden Control System requires replacement as the current system is beyond economic repair and no longer fit for purpose. The combined cost of purchasing the system and maintenance is in excess of £75,000 but below the EU threshold. To be compatible with existing systems, specialist providers are required and Contract Procedure Rules would need to be waived to proceed with a procurement exercise with the three identified providers. .

## **Recommendation**

7. It is recommended that :-
  - (a) Council agree to waive Contract Procedure Rules as detailed in the report to allow contracts to be extended for Adult Social Care.
  - (b) Council waive Contract Procedure Rules to allow the use of the Negotiated Procedure for the procurement of ICT System upgrades

## **Reasons**

8. The recommendations are supported by the following reasons :-
  - (a) To enable the continued delivery of services to users to allow officers to review the way services are provided.
  - (b) To allow officers to purchase proprietary software products to enable upgrades to Council systems.
  - (c) To enable procurement from specialist providers.

**Cliff Brown**  
**Director, Community Services**  
**Lorraine O'Donnell**  
**Assistant Chief Executive**

## **Background Papers**

No Background papers were used in the preparation of this report.

Susan White : Extension 2019  
Joanne Robertson: Extension 3311

S17 Crime and Disorder	This decision will not have an impact on Crime and Disorder
Health and Well Being	This decision will not have an impact on Health and Wellbeing
Sustainability	This decision will not have an impact on Sustainability.
Diversity	This decision will not have an impact on Diversity
Wards Affected	This decision will not affect any wards
Groups Affected	This decision will not have an impact on any groups.
Budget and Policy Framework	This decision is within the current framework
Key Decision	Yes
Urgent Decision	No
One Darlington: Perfectly Placed	The services procured contribute to delivery of the Community Strategy

## MAIN REPORT

### Information and Analysis

#### Domiciliary Care

9. The agreement for Domiciliary Care expires on 31 March 2009. The PCT also intend to tender for domiciliary care provision in Darlington over the next year to meet health and continuing health care needs in the community. Following preliminary discussions with the PCT it would be in the best interests of service users for Adult Social Services and the PCT to undertake a joint tender exercise.
10. Strategically a joint approach would be in keeping with the White Paper, Our Health, Our Care, Our Say, by working in partnership to provide a seamless service where a service user has both social and health care needs. This would also meet the vision of the Adult Social Services Service Plan 2008-2011 to meet assessed needs through services commissioned jointly with health organisations (where appropriate).
11. In order to take advantage of the benefits joint commissioning would bring we need extend the contracts listed in **Appendix 1** for a further 6 months, making the termination date 30<sup>th</sup> September 2009. This would provide the time required to carry out the collaborative tender.

#### Specialist Domiciliary Care

12. The Supporting People programme delivers housing related support to a range of vulnerable individuals within the Borough of Darlington. Presently 36% of the Supporting People grant expenditure is within Learning Disability Services delivered through nine providers within the Borough of Darlington including Darlington Borough Council. Of the eight external providers, five have contracts with Adult Social Services for learning disability services.
13. Both the Supporting People Team and Adult Social Services are in the last year of possible extensions for learning disability contracts. The contracts will expire in March 2009. This therefore, presents significant opportunity for collaborative and innovative working.
14. The National Strategy for Supporting People launched in June 2008, placed an expectation that authorities would look where possible to jointly commission to: -
  - (a) Reduce the administrative burden on service providers and local authorities
  - (b) Achieve value for money
  - (c) Develop outcome-focused services
  - (d) Bring consistency to services for those vulnerable people who receive both care and support
15. The Audit Commission also have a requirement for local authorities to evidence progress in commissioning services jointly. Their key lines of enquiry make specific reference to collaboration between Adult Social Services and Supporting People within this process. Both Supporting People and Adult Social Services focus upon the provider's ability to deliver on the key requirements of Valuing People Now and REACH standards.

16. Research has been undertaken by the Darlington Supporting People Team into best practice around the joint re-commissioning of services between Supporting People and Adult Social Services. The Supporting People team in Knowsley's undertook a Value Improvement Programme on behalf of Communities and Local Government (CLG), which focuses upon the benefits of collaborative commissioning between care and support services. The findings include:-
- (a) Reduced bureaucracy for both the local authority and the provider
  - (b) Reduced spend on overheads
  - (c) Reduced double funding for the same tasks
  - (d) A seamless service provision for service users
17. Where the re-tendering of learning disability services has been undertaken by other local authorities it has been jointly commissioned by Supporting People and Adult Social Services.
18. In order to take advantage of the benefits joint commissioning, the contracts listed in **Appendix 1** would need extending for a further six months, making the termination date 30 September 2009. This would allow us the time required to carry out the collaborative tender.

### Service Level Agreements for Adult Social Care

19. Community Services, as part of its Purchasing Framework enters into SLAs with a number of Independent Sector and Voluntary Providers of social care within Darlington. These are often partnership arrangements to develop services to meet specific needs of service users and rely upon the organisation's specialist knowledge and expertise. The following SLAs are considered to meet this criteria:

Provider	Service	Annual Value
Age Concern	Bathing Service	£86,037
Mental Health Matters	Mental Health Resource Centre	£200,290
Darlington Mind	Consolidated Mental Health Service	£119,044
Darlington Mind	St Hilda's Day Service	£221,106
DAD	Direct Payment Support	£116,465
DAD	Dimensions Day Care Service	£259,943

20. A number of service reviews are intended to align services with social care requirements. To enable the Council to continue providing continuity of service whilst reviews take place, the SLAs will need to be extended. The value of these services is in excess of £75,000 and would therefore be subject to a tender exercise. Officers would like to request that Council waive Contract Procedure Rules to allow the agreements to be extended as detailed below.
21. The Bathing Service is funded from a number of sources including the PCT. This SLA allows service users to take advantage of the service in their own homes whilst giving them privacy and comfort. The SLA will require an extension for 2 years beginning September 2008.

22. Over the next two years Darlington Mental Health Services will be a pilot site for Individual Budgets. It is anticipated that in 2009 approximately half of the Mental Health budget will be allocated to Individual Budgets, which will enable Service Users to choose who they purchase services from; therefore commissioned services will be reduced to reflect this.
23. The services provided by Mental Health Matters (Mental Health Resource Centre) Darlington Mind (Consolidated Mental Health Service) will be affected by Direct Budgets. In order to assess the effect these changes will have, it is necessary to extend the two SLAs by one year with an option to extend for a further year from September 2008.
24. St Hilda's Day Service is funded from a number of sources including Darlington PCT and Tees, Esk and Wear Valley Priority Services Trust. It is the intention to undertake a review of the service including full consultation with Service Users to consider whether it is appropriate to jointly carry out a formal tender process. It is proposed that Council waive Contract Procedure Rules to extend this SLA for a further two years to allow the time needed to carry out the review.
25. The commissioning of Direct Payments Support and Dimensions Day Care Service is due to be reviewed. In addition the introduction of Individual Budgets could have an effect on the service provided by Dimensions. It would be appropriate to continue with the present commissioning arrangements until a review, and full consultation exercise, has been carried out with all parties and the decision has been made as to whether we undertake a formal tender process.
26. It is proposed that Council waive Contract Procedure Rules to extend the SLAs for these services for one year from September 2008 with an option to extend for a further year. The future of this service, and any proposed tender process, would be dependent on the uptake of Individual Budgets and the subsequent impact that this has on commissioned services.

### **ICT Provision**

27. After September 2008 the providers of two of the Council's IT systems Carefirst and Education Management System EMS (Adult Social Services and Children's Services respectively) will cease to support the system on the existing platform. The Council must upgrade to the new release to allow them to continue operating as required. In addition the upgrade on EMS for Children's Services is pre-requisite to being able to achieve a number of government initiatives including Contactpoint and CAF.
28. The values of the purchases are both above the EU Directives threshold for advertising in OJEU however these system upgrades cannot be purchased from any other provider as they are proprietary products. OLM is the company that provides the Carefirst system and Capita is the company that provides EMS. This most appropriate procurement route for the system upgrades is through the Negotiated Procedure.
29. The Contract Procedure Rules do not allow for officers to make a decision to use the Negotiated Procedure. Officers seek agreement for the Contract Procedure Rules to be waived to allow the use of this procurement route to purchase the upgrades.

30. The Housing Service needs to replace the Warden Control System. The existing system has been in place a number of years, is beyond economic repair and is no longer fit for purpose. The cost of procurement of the system plus five years support is anticipated to be above £75,000 but below the OJEU Threshold of £139,893. The Contract Procedure Rules require that a tendering exercise should be carried out for a procurement of this value.
31. Discussion with other authorities and a thorough search of the market has revealed that there are only three providers able to deliver and support this specialist type of system. Carrying out a full tender including advertising would be time consuming and expensive and would not attract any further competition. The Council be therefore requested to waive Contract Procedure Rules to allow a procurement exercise between the three companies. The award of the contract will be on the basis of price and the ability to meet the required specification.

### **Outcome of consultation**

32. No consultation has been carried out in relation to the content of this report.