

PART 1 - PUBLIC

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**Decision Maker:** **Adult and Community Services Performance Development and Scrutiny Committee**

**Date:** 26<sup>th</sup> July 2011

**Decision Type:** Non-Urgent                      Non-Executive                      Non-Key

**Title:** **CONTRACTING ACTIVITY IN ADULT AND COMMUNITY SERVICES 2011-12**

**Contact Officer:** Wendy Norman, Strategic Manager, Procurement and Contract Compliance  
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**Chief Officer:** Terry Rich, Director of Adult and Community ServicesType name here

**Ward:**

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1. Reason for report

Policy Development and Scrutiny (PDS) Committees are reviewing the Contract Registers and contractual activity of all portfolios. This report outlines current contractual activity in Adult and Community Services and sets out plans for activities to be undertaken in 2011

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2. **RECOMMENDATION**

Members are asked to note and comment on this report.

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Excellent Council.
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### Financial

1. Cost of proposal: N/A
  2. Ongoing costs: Recurring cost.
  3. Budget head/performance centre: 750
  4. Total current budget for this head: £62m
  5. Source of funding:
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### Staff

1. Number of staff (current and additional): 15 in Procurement and Contract Compliance Teams
  2. If from existing staff resources, number of staff hours:
- 

### Legal

1. Legal Requirement: Non-statutory - Government guidance.
  2. Call-in: Call-in is applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 10,000 service users who benefit from services procured by ACS
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments:

### 3. COMMENTARY

- 3.1 The Executive and Resources Policy Development and Scrutiny (PDS) Committee has recommended that the PDS committee for each Portfolio reviews the contracts register associated with that portfolio.
- 3.2 The ACS department spends £34m per annum (gross of client contribution and Funded Nursing Care) on Spot contracts for clients in residential or nursing care placements and £27.5m per annum on contracts which have been tendered. The contracts register holds all the information on our tendered contracts with Care First holding the information about our spot placements.
- 3.3 Our current contracts register shows that there are 146 individual ACS contracts. The annual value is £30.8m and the total contract value is £153m. The individual contract values range from less than £1k to £27m. Appendix 1 is an extract from the register which shows contracting activity planned for the rest of 2011.
- 3.4 Forty one contracts expire during the next six months. These include a number of significant contract awards which will be reported to the Portfolio Holder. Project plans are in place to ensure that pre-tender planning and procurement processes will be completed on time and reported as required.
- 3.5 Several framework agreements are being developed during 2011-12. Putting these agreements in place will ensure that the department is able to call on quality services from chosen providers at guaranteed prices. Our experience of using framework agreements in the Supporting People programme is that very cost effective contracts can be achieved through both putting the framework in place and through mini competition when services are called off from the framework. The frameworks are listed below and the timelines for their award are set out in Appendix 2.
- Extra Care Housing. Procurement Strategy agreed by Executive 6.4.11
  - Domiciliary Care. Procurement strategy reported to Executive 20.7.11
  - Flexible Support Services for People with Learning Disabilities. To be reported to Executive 7.9.11
- 3.6 Commissioners are currently reviewing respite services for older people and Advocacy Services. The outcomes of these reviews will be considered by the department and recommendations for procurement strategies will be reported to the Portfolio Holder or Executive as appropriate. Procurement activities will then be carried out by the Procurement Team.
- 3.7 Other key contracts which will be subject to further work during 2011-12 are;
- Equipment and aids to daily living
  - Support to people in receipt of direct payments
  - Preparation for the formation of Healthwatch as a successor to the LINK.
- 3.8 A key activity every financial year is to ensure that inflationary increases on all contracts are managed within budget. During 2009-10 and 2010-11 officers undertook were able to hold the average inflation rates negotiated with contractors to below the Council's budgeted inflation rate, thus making a considerable contribution towards the departmental efficiency targets.

- 3.9 The contracts team has developed and adopted a work plan based on work arising from all contracts due to expire during the next 3 years. It also outlines the strategy to be adopted for commissioning, the responsible commissioner and key milestones. A traffic light mechanism is used to assess the current status of each project and any projects with red status are reported to fortnightly divisional management team meetings and quarterly to the ACS Departmental Management Team. Commissioners and Procurement and Contract Compliance staff implement recovery plans for projects with red status alerts in order to ensure that the department operates within financial regulations.
- 3.10 The Contract Compliance team is responsible for ensuring that all contracts are monitored. The level of monitoring undertaken is decided on the basis of a risk assessment which takes into account the vulnerability of users, previous performance, complaints, safeguarding issues raised and contract value. Monitoring is proportionate to the size of the contract and risk, therefore ensuring that resources are allocated appropriately. The team is also responsible for ensuring that regular performance information is received, analysed and reported to relevant commissioners and making regular visits to services to ensure that they are delivering high quality services at best value. The team also facilitates regular provider forums in order to engage with the supplier market.
- 3.11 The ACS Procurement and Contract Compliance Team has taken a leading role for the Council on the implementation of e-procurement after being selected by Corporate Procurement to run a pilot project. We are working on behalf of the borough with a pan London group working with Capital Ambition which is procuring a web portal that facilitates web based procurement activity. The e-tendering system will also ensure that all future tender opportunities are advertised through the Governments Contracts Finder website. E-tendering significantly reduces the officer time and resources required for procurement exercises including administering the process of getting quotations for lower value goods and services.
- 3.12 The ACS Procurement and Contract Compliance Team is working in cooperation with Corporate Procurement to look at the opportunities around joint contracting, particularly with the members of the South East London Procurement Group.

#### **4. POLICY IMPLICATIONS**

Arrangements for ensuring best value and high quality services are key to delivering the “excellent council” objective within Building a Better Bromley.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 There are 146 individual ACS contracts on the Contracts Register. The annual value is £30.8 and the total contract value is £153m.
- 5.2 There are measures in place to ensure that savings that can be made through procurement processes are identified. All new contract awards where the value exceeds current value less 25% will be considered by an Officer Procurement Board and a Member Star Chamber.

#### **6. LEGAL IMPLICATIONS**

Procurement and Contract Compliance work is carried out in accordance with the Council’s Financial Regulations and Procurement Rules. Where appropriate procurement exercises are undertaken in accordance with European Union regulations.

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| <b>Non-Applicable Sections:</b>                          | Personnel Implications |
| Background Documents:<br>(Access via Contact<br>Officer) |                        |