

LONDON BOROUGH OF CROYDON

To: all Members of the Council (via e-mail)
Access Croydon, Town Hall Reception

PUBLIC NOTICE OF KEY DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE & RESOURCES ON 17 SEPTEMBER 2018

In accordance with the Scrutiny and Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 25 September 2018** unless referred to the Scrutiny and Overview Committee:

The following apply to each decision listed below

Reasons for these decisions: are contained in the Part A report attached

Other options considered and rejected: are contained in the Part A report attached

Details of conflicts of Interest declared by the Cabinet Member: none

The Leader of the Council has delegated to the Cabinet Member the power to make the decisions set out below:

CABINET MEMBER'S KEY EXECUTIVE DECISION REFERENCE NO.: 2918FR

Decision Title: Extension of the Integrated Framework Agreement

Having carefully read and considered the report, and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Finances & Resources in consultation with the Leader of the Council made the decisions set out in the recommendations below

RESOLVED:

To approve the contract variation of the Integrated Framework Agreement 157 (Listed in the supporting documents) contracts that it comprises in accordance with regulation 29 of the Council's Tenders and Contracts Regulations to extend for a further 18 months, from 2nd October 2018 to 1st April 2020, for a maximum contract period of 5 ½ years and for a maximum estimated contract value of up to £97,199,033.78, which includes the additional 18 month estimated contract value of up to £24,861,537.72.

Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 25 September 2018** (5 working days after the decisions were made) unless referred to the Scrutiny and Overview Committee.
2. The Council Solicitor shall refer the matter to the Scrutiny and Overview Committee if so requested by:-
 - i) the Chair or Deputy Chair of the Scrutiny and Overview Committee and 4 members of that Committee; or
 - ii) 20% of Council Members (14)
3. The referral shall be made on the approved pro-forma (*attached*) which should be submitted electronically or on paper to Victoria Lower by the deadline stated in this notice. Verification of signatures may be by individual e-mail, fax or by post. A decision may only be subject to the referral process once.
4. The Call-In referral shall be completed giving:
 - i) The grounds for the referral
 - ii) The outcome desired
 - iii) Information required to assist the Scrutiny and Overview Committee to consider the referral
 - iv) The date and the signatures of the Councillors requesting the Call-In
5. The decision taker and the relevant Chief Officer(s) shall be notified of the referral who shall suspend implementation of the decision.
6. The referral shall be considered at the next scheduled meeting of the Scrutiny & Overview Committee unless, in view of the Council Solicitor, this would cause undue delay. In such cases the Council Solicitor will consult with the decision taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny & Overview Committee may only decide to consider a maximum of 3 referrals at any one meeting.
7. At the Scrutiny & Overview Committee meeting the referral will be considered by the Committee which shall determine how much time the Committee will give to the call in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the decision taker for reconsideration, setting out in writing the nature of the concerns.
8. The Scrutiny and Overview Committee may refer the decision to Full Council if it considers that the decision is outside of the budget and policy framework of the Council.
9. If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.

10. The Full Council may decide to take no further action in which case the decision may be implemented.
11. If the Council objects to the decision it can nullify the decision if it is outside of the policy framework and/or inconsistent with the budget.
12. If the decision is within the policy framework and consistent with the budget, the Council will refer any decision to which it objects together with its views on the decision. The decision taker shall choose whether to either amend / withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet of the referral from the Council.
13. The response shall be notified to all Members of the Scrutiny and Overview Committee
14. If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 6 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.
15. URGENCY: The referral procedure shall not apply in respect of urgent decisions. A decision will be urgent if any delay likely to be caused by the referral process would seriously prejudice the Council's or the public's interests. The record of the decision and the notice by which it is made public shall state if the decision is urgent and therefore not subject to the referral process.

Signed: Director of Law and Monitoring Officer.

Date: 17 September 2018

Contact Officers: cliona.may@croydon.gov.uk

PROFORMA

**REFERRAL OF A KEY DECISION TO THE
SCRUTINY AND OVERVIEW COMMITTEE**

For the attention of: Cliona May, Democratic Services & Scrutiny
e-mail to
cliona.may@croydon.gov.uk

Meeting:
Meeting Date:
Agenda Item No:

Reasons for referral:

- i) The decision is outside of the Policy Framework
- ii) The decision is inconsistent with the budget
- iii) The decision is inconsistent with another Council Policy
- iv) Other: Please specify:

The outcome desired:

**Information required to assist the Scrutiny and Overview Committee to consider
the referral:**

Signed:

Date:

Member of _____ Committee

Part A For General Release

REPORT TO:	Cabinet Member for Finance and Resources
SUBJECT:	Extension of the Integrated Framework Agreement
LEAD OFFICER:	Guy Van Dichele, Executive Director Jenny Beasley, Head of Service
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
<p>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</p> <ol style="list-style-type: none"> 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. In addition to this, Croydon's Joint Strategic Needs Assessment and the Opportunity & Fairness Commission report clearly set out priorities to support people to live independently within their community, promote social inclusion and support residents towards better times. Commissioning these services will support the Council to meet the requirements set out in the Care Act whilst supporting our own corporate priorities. 2. The IFA contracts for Social Care and Gateway form part of the councils commissioning priorities and puts delivery of outcomes at the heart of the decision making process. The IFA, will support Outcome Two (A Place of Opportunity for everyone) of the Community Strategy 2016-2021. Specifically with regards to the below priorities: <ul style="list-style-type: none"> • PRIORITY TWO– Support individuals and families with complex needs • PRIORITY THREE– Prevent homelessness • PRIORITY FIVE – Secure a good start in life, improve health outcomes and healthy life expectancy 3. Along with the community strategy, the IFA enables adult social care to achieve Ambition Two (Independence) set out in the Corporate Plan 2015 – 18. The IFA has helped our residents to be as independent as possible and achieve the promises of: <ul style="list-style-type: none"> • Longer, healthier lives • Safeguarding • Early intervention 	
<p>FINANCIAL IMPACT</p> <p>Extending the Integrated Framework Agreement as detailed in this report for an</p>	

additional term of up to 18 months, from 2nd October 2018 to 1st April 2020, will contribute an additional contract value of £24,861,537.72 and increase the aggregate total value to an estimated £97,199,033.78.

FORWARD PLAN KEY DECISION REFERENCE NO.: 2918FR

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.

1. RECOMMENDATION(S)

The Leader of the Council has delegated to the Cabinet Member for Finance and Resources the power to make the decisions set out in the recommendations below

- 1.1 To approve the contract variation of the Integrated Framework Agreement 157 (Listed in the supporting documents) contracts that it comprises in accordance with regulation 29 of the Council's Tenders and Contracts Regulations to extend for a further 18 months, from 2nd October 2018 to 1st April 2020, for a maximum contract period of 5 ½ years and for a maximum estimated contract value of up to £97,199,033.78, which includes the additional 18 month estimated contract value of up to £24,861,537.72.

2. EXECUTIVE SUMMARY

- 2.1 A contract extension by way of variation to the Integrated Framework Agreement comprising of 157 individual contracts is required for a term of up to 18 months, from 2nd October 2018 to 1st April 2020, on the same terms and conditions.
- 2.2 The purpose of this report is to clearly evidence why an extension by way of variation to all 157 associated contracts is the safest option for Croydon council and its statutory responsibilities. This report will endeavour to:
- Explain why an extension in the form of a new award is required;
 - Clearly demonstrate the options faced by the commissioning team and the reason why an extension is being recommended;
 - Clearly show what longer term solutions are currently being implemented; and
 - Illustrate the financial & legal complications that have and will be encountered and how these will be mitigated;
- 2.3 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
31 st August 2018	CCB1389/18-19

3. DETAIL

- 3.1 In 2013/14 the council, in partnership with the Croydon Clinical Commissioning Group, undertook a procurement exercise to establish an Integrated Framework Agreement (IFA) for care, support and health related services. This was designed to enable people to live independently in the community and/or stay within their own homes. The IFA was taken to CCB 19th June 2014 and was taken to Cabinet 14th July 2014.
- 3.2 The Council developed the IFA to bring together all community based social care services under a single arrangement (organised into specific 'Lots' and 'sub-Lots'). This approach was intended to provide the Council with a more coherent and joined up approach to providing services. Please see background papers for breakdown of Lots and Sub-lots.
- 3.3 At the time the IFA was taken to cabinet, the total value of spend that fell under the auspices of the framework agreement was £86m over a 4 year period which comprised of £78m from the Council for social care services and £8m from the CCG for continuing care. Although the Council has retained the option to purchase services outside the framework agreement and has done to various degrees across all the services.

Calculating the estimate spend

- 3.4 The current total spend by Croydon council (not including the CCG) at time of writing is an estimated £72,337,496.06 which is under the £78m projected spend. An 18 month extension is expected to add a maximum value of up to £24,861,537.72 and take the aggregated total for the IFA to an estimated £97,199,033.78. This is estimated to be £19m higher than the projected Council spend and £11m more than the total IFA, which includes the CCG's continuing care lot.
- 3.5 The maximum estimated contract value of up to £24,861,537.72 for the 18 months, from 2nd October 2018 to 1st April 2020, is expected to be a worst case scenario. Starting in early 2019 the DPS project has planned to start to serve notice on specific Lots and sub-lots of the IFA. The 3 month notice, which is allowed through the IFA T&C's, will close certain Lots and sub-Lots in line with their corresponding starts on the DPS. As can be seen from the DPS roll out project plan attached, the programme of implementation of the DPS and systematic dismantling of the IFA have been aligned to 3 monthly cohorts that will reduce the total spend through the IFA.
- 3.6 Unfortunately it is not possible to accurately determine the spend required for the 18 month extension through the standard process of the IFA. As the IFA spend spans multiple budgets and is used by multiple organisations, departments, services and service users there has not been a single and consistent process or programme that has been able to track and produce this information. A further complicating factor is that there have been a number of rate changes and uplifts which have been applied to a few

providers, but not through any formal process. Fortunately the call-off process has been easier to measure as this has all been recorded on the London portals.

- 3.7 It has been a joint effort across all the services that currently use the standard process of the IFA, to calculate the estimate spend of £72,337,496.06. The final estimate produced however is near enough to the projected total that there is sufficient confidence in the value of £24,861,537.72 attached to the 18 month extension.

Extension by way of variation and beyond

- 3.8 The framework agreement T&C's does allow for an extension of up to three years for one of more Lots, where a refresh has taken place using a dynamic purchasing model. However as it stands right now a refresh would not be possible within the time available. Therefore an extension under the terms of the contract will not be possible and an extension by way of variation has been endorsed.
- 3.9 Health, Wellbeing and Adults, Over 65 Commissioning and Brokerage & Adults, Health and Integration have already started work to produce a new Dynamic Purchasing System (DPS) that will be able to replace the IFA in its entirety.
- 3.10 With the DPS software expected to be procured in September of 2018, a 12 month implementation plan is expected to start from January 2019. Whilst the DPS is implemented the IFA will provide the necessary statutory and contractual cover. DPS roll out project plan has been attached as background document.

Options considered

- 3.11 An options paper was produced and presented to the IFA and DPS project board on the 19th of June 2018. This reviewed the current options that could be reasonably undertaken given the looming deadline and resource constraints. This options paper named Alternatives to the IFA can be found within the background documents.
- 3.12 The options were generated from conversations that were held with commissioners, service leads, internal governance and in a very limited capacity, with providers. The options were to:
1. Extend the IFA With option to terminate early as the DPS is rolled out;
 2. Create a new temporary framework which would include limiting number of providers who were eligible to tender; and
 3. 6 to 12 IFA call off's which would comprise of large block contracts that would be able to cover all the services.
- 3.13 After a discussion with the heads of Over 65 Commissioning and Brokerage & Adults, Health and Integration as well as the category managers responsible for the DPS/IFA and procurement. The decision was made that given the time

frames and resources available the only reasonable solution was to recommend an extension to the IFA.

4. CONSULTATION

- 4.1 The options and proposal have been considered with Adult Social Care commissioners and service leads, Head of Adults, Health & Integration, and The One Croydon Alliance integrated management team.
- 4.2 A letter will be sent to out all providers who form part of the IFA the week following this papers presentation to CCB. This letter will be informing the providers of the council's intention to extend the IFA for a maximum period of up to 18 months and detail the councils plan to move the services over to a DPS.
- 4.3 With the roll out of the councils new Dynamic Purchasing System, a large engagement event will be held on the 13th September 2018. This event will be held for all providers regardless of whether they are currently on the IFA or have done business with Croydon Council previously. After the initial event, 3 monthly targeted events will take place to coincide with the launch of DPS cohorts, which comprises of new providers and services on the DPS. These targeted events will only be for those providers who are associated with a particular cohort.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1

1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Revenue Budget available				
Expenditure	8,287	16,574		
Income				
Effect of decision from report				
Expenditure	8,287	16,574		
Income				
Remaining budget	0	0	0	

2 The effect of the decision

The projected spend for the framework agreement was £78m over the first four year period which was reduced to £71m as a result of the savings anticipated, which was incorporated in the original budget profile.

Extending the Integrated Framework Agreement as detailed in this report for an additional term of up to 18 months, from 2nd October 2018 to 1st April 2020, will contribute an additional contract value of £24,861,537.72 and increase the aggregate total value to an estimated £97,199,033.78. The added contract value will be looked to be partially offset through savings obtained from the Dynamic Purchasing System, once implemented.

Each organization, department and division has a dedicated budget set aside for their brokerage/micro commissioning needs. The IFA would not be additional to this already established budget but rather is a tool for that budget to be used effectively.

3 Risks

The risk that extending the integrated framework agreement may be subject to procurement challenge, is regarded as a moderate possibility. However this will be mitigated by starting the DPS market engagement events prior to the extension. The first large event will be on the 13 September 2018 with quarterly follow ups from there.

There is a low risk that once the extension notices are submitted to the providers they may request an increase in the rates. It has been agreed that this will be managed on a case by case basis. Furthermore in the letter sent to all IFA providers, they will be informed that there will be an opportunity for a change in rates when the DPS procurement is started in early 2019.

Framework agreements are a low financial risk for local authorities. There is no obligation to call off services from those suppliers on a framework agreement. Should a provider go into liquidation then there are other providers that can be called off from the framework agreement to take over the service at short notice with no requirement to go out to the wider market. Where a significant call off is undertaken the Council will review the successful provider's financial health check score prior to placing an order for the service.

4 Options

As can be seen from the options paper named Alternatives to the IFA, which can be found within the background documents. An options paper was produced and presented to the IFA and DPS project board on the 19th of June 2018. After a discussion with the heads of Over 65 Commissioning and Brokerage & Adults, Health and Integration as well as the category managers responsible for the DPS/IFA and procurement a decision was made to move towards the extension. The options detailed in the paper are:

1. Extend the IFA
 - This option can only apply to the whole IFA and is unable to be applied to individual lots or sub-lots;
 - Would extend the current IFA for up to 18 months across all lots;
 - Uses the same IFA T&C's, which contains a 3 month termination clause that can be applied to each lot separately.
 - Allows an approach to create and implement a new system and apply it to a single area rather than having to replace the entire IFA in a single go.
 - Avoids any formal procurement and in that sense may be the most time

efficient option.

- Will not require any creation of any new service spec, contracts or tender documents; and
 - Does not rule out any increases for providers but if requested, this will be done on an individual basis.
2. Create a new temporary framework
- This options has Croydon creating and procuring of a new short term integrated framework;
 - This can be based on the current IFA with only minor changes to the T&C's to support providers;
 - This approach has the benefit of acting as a refresh of the current IFA with the benefit of not having to extend all the lots and sub-lots that are currently going unused.
 - This option can be applied to all departments that are currently using the IFA.
 - This approach is a labor intensive approach that would have the longest tender period and the tightest timeframe
 - Ultimately this option would be a lot of work for both providers and council officers for a short term solution.
3. The creation of 6 to 12 large block contracts obtained through the IFA call off service.
- This process uses the IFA's call-off procedure to perform a serious of large block call-offs that would cover needs for up to 12 months;
 - This would have the advantage of only being applied only to those lots and sub-lots that are currently meeting a need;
 - Would use the IFA T&C's which would contain a 3 month termination clause;
 - Has the benefit that the call-off procedure can be fairly simple and only needs a minimum of two weeks on the London tenders portal;
 - Has the drawback that if the blocks are calculated incorrectly, could force Croydon to work with providers off contract or run larger, slower tender;
 - The block contracts can end after the end date of the IFA;
 - Once the IFA has ended though, no more call offs would be possible, therefore the block contracts would need to be extremely accurate; and
 - This option would still be subject to the total value of the IFA with the potential of having to take the new value back to CCB, although has the potential to be cheaper than an extension;
 - Ultimately this option does not allow adequate flexibility or changes to specifications and does not allow new providers to enter the market which could potentially limit service user choices.

The option still remains not to use the IFA and to procure services outside of it. This should only be undertaken where there is a case for doing so, as the IFA has resulted in very competitive rates and in some areas is the only contract available.

5 Future savings/efficiencies

The IFA has enable the Council to achieve efficiencies for the services that are subject to this procurement. Apart from the standard call off procedure the Council has been able to call off through mini-competition which has create further savings and efficiencies.

The added contract value will looked to be partially offset through savings obtained from the Dynamic Purchasing System, once implemented. Approved by: Josephine Lyseight, Head of Finance (People)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Solicitor to the Council comments that legal risks are referred to in the report

Approved by: Sean Murphy, Head of Commercial and Property Law on behalf of the Director of Law

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 framework agreement, which means that the current staffing arrangements would remain the same.

Approved by: Deborah Calliste, Head of HR for Health, Wellbeing and Adults on behalf of the Director of HR

8. EQUALITIES IMPACT

- 8.1 A full EIA for the IFA was previously carried out prior to the tender in 2014. At the time, the award of this contract was deemed to enable service users to live more fulfilling independent lives and would incorporate an outcomes based approach so that providers are focused on the achievement of goals for service users rather than creating dependency.
- 8.2 As a full equalities impact assessment was completed in 2014 prior to tender and as any extension would be a continuation of the same T&C's with the same providers, no new assessment is needed.

9. ENVIRONMENTAL IMPACT

- 9.1 The IFA requires providers to have an Environmental Policy and Action Plan. Providers are required to demonstrate through the provision of services that a contribution is made to improving Croydon's environment. Actions include, for

example, staff travel planning, encouraging people to recycle and reducing the environmental impact of buildings used for supported housing.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 Some of the services that are subject to the IFA make an important contribution to reducing crime and ensuring safety for victims of crime. In particular by enabling the rehabilitation of offenders, helping people with substance misuse problems to live drug-free lives, and providing safe accommodation for people who have experienced domestic violence.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 An 18 month extension of the Integrated Framework Agreement will secure the councils ability to fulfil its statutory duties whilst the new Dynamic Purchasing System is implemented. The benefits of choosing the option to extend are:
- Extension is the most time efficient option to secure contractual cover whilst the DPS is implemented;
 - An option to extend has the simplest procurement pathway; and
 - This option is not considered resource intensive and can be achieved with currently available resources;

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 An options paper was produced and presented to the IFA and DPS project board on the 19th of June 2018. After a discussion with the heads of Over 65 Commissioning and Brokerage & Adults, Health and Integration as well as the category managers responsible for the DPS/IFA and procurement. The below are the only two other reasonable options that were considered prior to being rejected.
- 12.2 REJECTED OPTION 1: Creation of a new temporary framework while limiting number of providers who were eligible to bid. This approach was rejected because:
- It is a very labour intensive approach that would require additional resources
 - It has the longest tender process and subsequently the tightest timeframe; and
 - It potentially is the most expensive interim measure;
- 12.3 REJECTED OPTION 2: The creation of 6 to 12 large block contracts obtained through the IFA call off service. This approach was rejected because:
- It requires extreme accuracy in calculating the needs over 12 months;
 - It does not have any flexibility; and
 - It may not be easily applied to some lots and sub-lots;
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CONTACT OFFICER:

Paul Connolly,
Category Manager,
Ext 62917

BACKGROUND PAPERS:

Award Report – Integrated Framework Agreement
for care, support and health related services

Strategy Report – Integrated Framework
Agreement for care, support and health related
services

Options Paper – Alternatives to the Integrated
Framework Agreement

Total Integrated Framework Agreement value

Successful providers by Lots