

	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>8 APRIL 2013</b>
<b>CONTRACT EXTENSION OF CHILDREN'S CENTRE SPEECH AND LANGUAGE SERVICES</b>	
<b>Report of the Cabinet Member for Children's Services – Councillor Helen Binmore</b>	
<b>Open Report</b>	
<b>Classification :</b> For decision <b>Key Decision:</b> Yes	
<b>Wards Affected:</b> All	
<b>Accountable Executive Director:</b> Andrew Christie, Executive Director for Tri-Borough Children's Services	
<b>Report Author:</b> Labibun Nessa - Children and Early Years Commissioner Tri-borough Commissioning Directorate Children's Services.	<b>Contact Details:</b> Tel: 020 7641 3743  E-mail: Inessa@westminster.gov.uk

## 1. EXECUTIVE SUMMARY

- 1.1 The Speech and Language Therapy Service (SLT) contract for delivering SLT services to Hammersmith and Fulham (H&F) 16 Children's Centres is due to expire on 31 March 2013 and does not contain any provision allowing for contract extensions. Given that the financial value of this contract is £146,055 per annum, the Council's Standing Orders (CSOs) would normally require a competition to be run to determine the award of new contracts.
- 1.2 The SLT service is designed to provide an integrated service to support Children's Centres and early year's settings in the PVI sector. The SLT service works in partnership and enhances the service delivery of the Children's Centre Family Support workers. As such, early help services such as SLT are key to reducing the number of children requiring intervention from statutory services.
- 1.3 However, the Council does not currently have the level of certainty and clarity on the future service delivery needed to run an efficient and effective procurement exercise. This is due to a combination of factors which include uncertainty about future delivery of Children's Centre contracts, and the sites at which the SLT services are delivered. In

addition to the issues with future delivery of Children's Centres, there is also an anticipated reduction of around 25% in central Government Early Intervention Grant and further year on year budget reductions, the introduction of the targeted 2 year old offer and a proposed new Ofsted inspection framework for Children's Centres. All of these require an urgent reconfiguration of current Children's Centre arrangements.

- 1.4 At its 11 February 2013 meeting, Cabinet agreed the recommendations contained in the report on 'Interim provision of Children's Centres and Sure Start services'. This gave Cabinet approval to negotiate new contracts for Children's Centres and Sure Start services with existing providers as an interim measure for a period of two years, with a break clause after one year.
- 1.5 In addition to these uncertainties around Children's Centre delivery, and once there is greater clarity on future requirements, Tri-borough Children's Services want to explore the potential for future alignment and improved value for money across the three boroughs via a Bi/Tri-borough look at potential joint procurement opportunities during 2014 with Inner North West London NHS Trust. At this time, other SLT service contracts held within the LA would also be reviewed to look at a consistent commissioning approach.
- 1.6 In these exceptional circumstances, approval is sought to waive the requirement contained in CSOs to seek competitive tenders, and for authority to be given in accordance with CSO 3.1 to enable the Council to negotiate a new contract with the existing service provider (Central London Community Health Care NHS Trust) as an interim measure. This is in the Council's interests and will:
  - a) ensure service continuity, and reduce potential disruption to service users, until such time that there is sufficient clarity and certainty about future funding, Children's Centre delivery, and Government policy intentions, to facilitate a good competition;
  - b) help to navigate any immediate reconfiguration necessitated by changes to funding, and given that running a full procurement exercise for new contracts will take time.

## **2. RECOMMENDATIONS**

- 2.1 That the requirement contained in the Council's Contract Standing Orders to seek competitive tenders be waived, in accordance with CSO 3.1, and that approval be given to negotiate a new contract for Speech and Language Therapy Services for Children's Centres with the existing provider Central London Community Health Care NHS Trust in accordance with CSO 9.11.
- 2.2 That this interim contract with the Central London Community Health Care NHS Trust shall be consistent with the decisions approved by Cabinet on 11 February 2013 regarding the Children's Centres contracts as the provision is delivered via these sites – that is, for the interim contracts to run for a period for no more than 2 years, with a break

clause after 1 year in order to ensure service continuity whilst navigating through Children's Centre remodelling.

- 2.3 That officers explore ways in which efficiencies can be achieved during this interim contract, in particular savings opportunities which do not impact on front-line provision.
- 2.4 That the interim contract with the existing provider incorporates a revised performance management framework that clearly reflects national developments, the Council's priority outcomes for children and families, and the statutory duty of Best Value, taking into account cost and quality.

### **3. REASONS FOR DECISION**

3.1. The reasons for the above recommendations are described in the Executive Summary at the beginning of the report. Namely:

- the forthcoming expiry of existing contracts;
- the need to approve interim arrangements to ensure service continuity and the meeting of statutory duties, and be able to reconfigure Children's Centre service delivery at the same time, until such that the conditions exist to run an efficient procurement for new contracts;
- the need to give sufficient time to align with Tri-borough approach to other SLT contracts for 2014/15 (including those in other held in other services within the LA);
- the opportunity to learn from Westminster City Council SLT pilot.
- Children's Centres and providers are happy with the provision of services.

### **4. INTRODUCTION AND BACKGROUND**

#### **Preamble**

4.1 In the past two years, Children's Centres in Hammersmith & Fulham have undergone a number of changes. Some of these have been in response to local circumstance and priorities; some have been prompted by changes in Government policy. The following section summarises these changes to help contextualise the rationale for the recommendations being made.

#### **Children's Centres and Sure Start services**

4.2 A Sure Start Children's Centre is a place, or a group of places:

- that is managed by or on behalf of the local authority, with the purpose of securing that early childhood services are available in an integrated manner;
  - through which early childhood services are made available;
  - at which activities for young children are provided.
- 4.3 They are designed for families with young children, from conception to five years. Guidance to Local Authorities includes an expectation that they will “*target children’s centres services at young children and families in the area who are at risk of poor outcomes*”.
- 4.4 Children’s Centres can also offer ‘universal’ services open to all children, and their families. These services - for example, Stay and Play, and health sessions such as SLT groups - provide a non-stigmatising front door to basic services for young children, through which families with additional needs can be identified and early action taken to help in a proactive manner.
- 4.5 The SLT service is designed to provide an integrated service to support Children’s Centres and early year’s settings in the PVI sector. SLT service works in partnership and enhances the service delivery of the Children’s Centre Family Support workers.
- 4.6 As such, early help services such as SLT are key to reducing the number of children requiring more intensive interventions from statutory services. They build capacity for vulnerable parents to support their families in achieving positive outcomes, and address child poverty and worklessness through better targeting of support. As one of the main delivery vehicles, Children’s Centres are central to this agenda.

#### **Property issues**

- 4.7 There are no property implications to the Council arising from this report.
- 4.8 The services described in this report will be delivered from the existing Children Centre premises. The workers will continue to operate from Central London Community Healthcare.

#### **Tri Borough Review**

- 4.9 The establishment of a Tri-borough Children’s Commissioning directorate earlier this year provides an opportunity to develop, in line with local needs, Children’s Centre strategy and vision for a sustainable, long-term model of delivery which dovetails with the wider early help strategies in all three boroughs. This work will come on stream early in 2013, with a view to running a joint procurement in 2014 which could:
- give greater opportunities to innovative with service design;
  - allow better alignment and learning from Best Practice across the country; such as Communication Pathfinder;
  - deliver potential economies of scale from joint commissioning;

- innovation to streamline pathways and ensure optimum utilisation of scarce professional resources for SLT.
- offer the opportunity to review other SLT contracts held within the LA with a view to looking at a consistent commissioning approach.

## 5. PROPOSAL AND ISSUES

- 5.1. The current contract for this service expires on 31 March 2013 and does not contain provisions to be extended.
- 5.2. The proposal is to therefore seek approval to an extension of the contract with the existing provider - to ensure continuity of front-line service delivery - and for this new interim contract to run up to a period of two years with a one year break clause.
- 5.3. As part of the negotiation with the existing provider, approval is also sought for the new interim contract to properly reflect, and enable the Council to fully respond to, the forthcoming changes in funding and inspection regimes; and, furthermore, for the new contract to contain an updated performance management framework that supports clearer reporting on progress made achieving national developments and outcomes for children and families. Updating monitoring requirements have been looked at with Health Commissioners in the Tri-borough Commissioning Directorate with a view for greater consistency across the Tri-borough arrangement.

## 6. OPTIONS

### **Waive Contracts Standing Orders, negotiate new interim contracts**

- 6.1 The intention is that from 2014/15 Speech and Language and Communication Service will be part of a streamlined and joined up commissioning approach across the Local Authority and Health.
- 6.2 Key priority areas for Speech, Language and Communication going forward will include:
  - Making speech, language and communication – **'Everyone's Business'**
  - Focus on the Three Es: **E**arly identification, **E**arly intervention and **E**arly years
  - Establish a **'joint commissioning'** approach
  - Manage resources effectively – **'more with less.'**
  - Support **Parents** to support their **Child**
- 6.2 A waiver to the CSOs is believed necessary as it is not in the Council's overall interest to run a procurement exercise at this moment in time due to:

- a) Changes to the Early Intervention Grant that funds the provision of Children's Central is reducing. In 2013/14 this is a predicted 25% reduction, with a further predicted reduction in 2014/15. The funding stream which funds SLT is therefore not secure.
- b) The current provider is experienced in the delivery of the services to the local communities.

## **7. CONSULTATION**

Consultation will not be required for the new contract as no changes will be made to current service level.

## **8. EQUALITY IMPLICATIONS**

- 8.1. Children's Centres Services are required to target all their services at the most vulnerable including; lone parents, Black and Minority Ethnic communities, fathers, children with disabilities or children of parents with disabilities, children in workless households and young parents.
- 8.2. There is no requirement for an equality impact assessment as there is no impact on service level.

## **9. LEGAL IMPLICATIONS**

- 9.1. Speech and language therapy services are Part B services for the purposes of the Public Contracts Regulations 2006 (Regulations). Currently Part B services are subject to a few provisions of the Regulations- namely, obligations relating to technical specifications and post contract award information, and it is not a requirement to conduct a tendering exercise pursuant to the full regime set out in the regulations. Nevertheless, the Council should still comply with the general EU principles such as non-discrimination, transparency, proportionality and mutual recognition.
- 9.2. As a general rule, the Council should undertake a degree of advertising even for Part B services, in particular, where the contracts have a connection with the functioning of the EU internal market. In this instance, it is understood that this type of service is very locally based and is therefore unlikely to be of interest to economic operators located outside the UK. Therefore there is no strict requirement for the opportunity to be advertised.
- 9.3. In calculating the total value of contract, one needs to take into account the contract value during the initial contract period plus any options to extend. If the recommendations set out in Section 2 are agreed, the total value of the contract

would exceed the current EU threshold for services, which is £173,934. As such, the Council will need to ensure that it complies with the requirements for Part B services set out in the Regulations, in the event of that the recommendations are approved. Also, the risk of challenge should be measured against the benefits of extending the current contract.

- 9.4. Under the Council's Contract Standing Orders, the contract may be extended where the extension is for more than six (6) months subject to Cabinet's approval and providing that to do so is in accordance with current legislative provisions and consistent with the Council's Financial Regulations. It is essential that the necessary contract documentation is completed in the event that the recommendations are accepted so that the Council is fully protected.
- 9.5. Legal Services will assist officers by completing the necessary legal documentation in order to protect the Council's interests.
- 9.1 Kar-Yee Chan, Contracts Lawyer, 020 8753 2772.

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1. This paper sets out the interim position with regard to the delivery of SLT. The current funding allocation is £146,055.
- 10.2. Finance completed by: Liz Ferreira- Finance Manager extension - 020 8753 1899

## **11. RISK MANAGEMENT**

- 11.1. Procurement and contract risk is managed within the Tri -borough Children's Services department. There is a risk that, should a waiver not be agreed, the service users may be affected by a disruption due to the ending of the contract. This paper sets out the interim position with regard to the delivery of Speech and Language Therapy Service through a negotiation of new contract with the current provider, and in doing so mitigates reputational and customer risk. This interim contract with the existing provider is for no more than a period of two years enabling sufficient time for a procurement strategy to be developed to meet the criteria set out in 3.1.
- 11.2. Implications completed by: Michael Sloniowski, Principal Consultant Risk Management, 020 8753 2587)

## **12. PROCUREMENT IMPLICATIONS**

- 12.1 The current contract for SLT services at Children's Centres expires in March 2013, with no provision having been made at the time of contract award for extension of this should this be deemed beneficial. However, for reasons made clear in the

report, the level of certainty and clarity regarding future Sure Start and Children's Centres provision needed to undertake a procurement exercise for the Speech and Language Therapy service does not currently exist; and furthermore, in order to optimise future Best Value, needs to be aligned with the future tendering of 3B contracts for Children's Centres.

- 12.2 Section 3.1 of the Council's CSOs allows waivers to the normal competition requirements where there are exceptional circumstances and/or it is not in the Council's interests to run a competitive exercise at any given moment in time. As the services are defined as being "Part B" rather than "Part A" under the Public Contracts Regulations 2006 (as amended), they are not regulated in terms of the statutory competition requirements.
- 12.3 Paragraph 9.11 of the Council's CSOs specifically requires Member authority before officers enter into any negotiation of contractual terms with commercial or voluntary sector organisations.
- 12.4 The report recommends an interim solution that seeks to ensure continuity of important front-line services for vulnerable children and families, whilst at the same time seeking both to protect the service from imminent budget reductions and prepare it for tri-borough joint commissioning post 2014/15. The recommended approach is supported by the Tri-Borough Commissioning and Contracts Board for Children's Services and by the Director for Procurement and IT Strategy.
- 12.5 These Procurement implications have been completed by:  
John Francis, Principal Consultant, H&F Corporate Procurement, 020 8753 2582.

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	None		