


<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">7 MARCH 2016</p>	
<p align="center">COMMISSIONING AND PROCUREMENT STRATEGY FOR CHILDREN'S CENTRE SERVICES FOR HAMMERSMITH AND FULHAM</p>	
<p>Report of the Cabinet Member for Children and Education – Councillor Sue MacMillan</p>	
<p>Open Report – Yes</p>	
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Andrew Christie, Executive Director for Children's Services</p>	
<p>Report Author: Mike Potter Head of Commissioning (Early Intervention) Children's Services</p>	<p>Contact Details: Tel: 020 7641 2165 E-mail: mpotter@westminster.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report seeks agreement from Cabinet to waive the application of the Council's Standing Orders (CSO) is waived and for Cabinet to approve the direct award of twelve (12) contracts, with amended terms, for the provision of children centre services to incumbent providers. It is proposed to award all the contracts for one (1) year from 1st April 2016 – 31st March 2017 with the scope to extend for up to a further one (1) year, if required. It is anticipated that each of the 12 contracts will not exceed £589,148 (lifetime value).
- 1.2. The rationale for this request is that there is a comprehensive strategy being implemented to significantly change the way the service is delivered, and it is anticipated that the new model of delivery integrated with Early Help will be in place from 2017.

- 1.3. Until the new service is implemented, this approach seeks to ensure continuity of the existing children's centre provision and protect a range of statutory front-line services for vulnerable families.
- 1.4. The proposal for direct award has been approved by CoCo Board on 20th January 2016, and Business Board on 27th January 2016.

2. RECOMMENDATIONS

- 2.1 That the application of the Council's Standing Orders (CSO) be waived and for Cabinet to approve the direct award contracts to the existing service providers from 1st April 2016 up to 31st March 2017 with the scope to extend up to a further year if required. The maximum lifetime value of each of the 12 contracts will not exceed £572,000 (see appendix 1).
- 2.2 That Cabinet delegates authority to the Cabinet Member for Children and Education to approve:
 - i. any further actions necessary to ensure that the Council meets its statutory duties for the provision of children's centres and;
 - ii. any further extensions to the contracts to existing providers to run up to, but no longer, than 31st March 2018.

3. REASONS FOR DECISION

- 3.1. This approach is considered to be the optimum solution in order to;
 - achieve seamless quality service continuity for service users in the short interim period from 1st April 2016 to 31st March 2017 ensuring that the Council's compliance with statutory duties is not compromised;
 - develop, during this contract term, an innovative and integrated new service model (Children and Family Partnership model);
 - work with existing providers and partners to co-design the detail of the proposed Children and Family Partnership model, benefitting from their best practice and expertise;
 - enabling existing providers to shape delivery over the course of this interim contract towards the delivery of and supporting a smooth transition to the proposed Children and Family Partnership model.

4. INTRODUCTION AND BACKGROUND

- 4.1 Local authorities, under section 10 of the Children Act 2004, have a responsibility to promote inter-agency cooperation to improve the welfare of children, and under section 5A of the Childcare Act 2006 must ensure that there are sufficient children's centres, so far as reasonably practicable, to meet local need.

- 4.2 Hammersmith and Fulham currently commission a number of providers to deliver children's centre services across the 16 Children's Centre locations; the delivery is organised in a hub and spoke arrangement with seven hub children's centres and 9 spoke centres.
- 4.3 In October 2014 Cabinet extended the existing 16 Children's centre contracts for 1 year from 1st April 2015 until 31 March 2016.
- 4.4 The Council has provided Children's Centres with an exciting opportunity to work innovatively to deliver a service that has the core delivery aspirations of Sure Start at the centre – giving children the best start in life through improvement in childcare, early education, health and family support.
- 4.5 Building on the existing infrastructure and expertise in place to deliver the best possible offer for children and families, it is proposed that a new model for delivery through a single integrated early help offer is developed. This offer would connect a range of delivery partners Public Health, Clinical Commissioning Group (CCG) and Local Authority Family Services, including Children Centres) in support of a "Children and Families Partnership" (working title). This partnership approach will provide a single early help offer that supports children and families at all levels of need (Level 1-3). (see appendix 1 for further details).
- 4.6 The proposed model is an opportunity for Children's Centres to work innovatively and more effectively with partners, enabling them to further bring services and professionals together around a child and family to identify problems at an earlier stage, ensure a joined up response and improve outcomes for children and families. It is acknowledged that this model is a partnership model of delivery and therefore the engagement and commitment from key partners is critical to the realisation of benefits and the implementation of the new model.
- 4.7 The timeline for the development of the Children and Families Partnership model is:
- 4.8 **Phase 1: Design (Aug 15 – Mar 16)** The first stage has been to establish the design principles and identify new ways of working. During this phase Children's Services are working closely with colleagues in Public Health and Clinical Commissioning Groups to build a shared understanding of a future integrated service and seek their buy in for new ways of working and their commitment to the new service design.
- 4.9 **Phase 2: Transition (Apr 16 – Mar 17)** Continuation and development of existing provision, building capacity for change and aligning the current service offer with the proposed Children and Families Partnership
- 4.10 **Phase 3: Implementation (from April 2017)**

5. PROPOSAL AND ISSUES

- 5.1 From April 2016, in tandem with the development and co-design of the Children and Families Partnership model, Children's Centres will be commissioned from existing providers in a manner that supports the transition to the proposed Children and Families Partnership model, and reflects the Ofsted priority for targeted intervention through Children's Centres.
- 5.2 The performance of existing providers is good. There is a strong universal offer - the quality and range of services offered to families are good and feedback from families suggests that the provision is well regarded. However, there is an opportunity to deliver more effective support for families with additional needs (Level 2). This is reflected in recent Ofsted inspections.
- 5.3 Commissioning the provision in this way will drive service improvements through the development of a universal plus offer (Level 2) that responds to more complex family needs. (See appendix 2 for further details).
- 5.4 Existing Children's Centre providers will be commissioned to deliver the contracts from April 2016 for 12 months on the basis that they will work in partnership to co-develop the Children and Families Partnership model which will benefit from their best practice and expertise. They will be able to shape delivery so that it is more aligned to levels of need (universal and universal plus) over the course of this contract and build capacity for change, supporting a smooth transition to the proposed Children and Families Partnership model
- 5.5 It is anticipated that existing delivery sites may change in accordance with this. New sites may be required to better reach communities that need particular services. Contracts should be flexible to allow for provision to respond to need as it arises. Therefore there will be a shift away from having a contract for each site towards contracts with providers to deliver across their locality utilising multiple sites (where required) according to need. This will reduce the cost incurred by the Council in drafting multiple contracts for each site.
- 5.6 The funding level for Children's Centre provision remains the same as the previous financial year in 2015/16. In addition, efficiencies will be achieved through the development of an improved service offer for families with additional needs. Furthermore, by working in partnership with incumbent providers through a process of co-design, the longer term benefit of shared expertise will be realised through the development of new ways of working within the Children and Family Partnership model.
- 5.7 As the value for each of the 12 contracts will be below £589,148 (see appendix 1) they will not need to be advertised in the Official Journal of European Union and are not subject to the full extent of EU procurement rules

6 OPTIONS AND ANALYSIS OF OPTIONS

- 6.1 A number of options have been considered to ensure seamless service continuity for Children's Centres for at least 12 months whilst a new model is implemented:

6.2 **Option 1 – undertake an open competitive procurement exercise for a newly specified service.** This option would be the best practice route. However, in this instance, the incumbent providers are experienced in the delivery of the services to their local communities and could more easily accommodate the amendments we are seeking as they already have the infrastructure and the connections in situ. As a new service model is being developed for 2017, this option is not recommended as it would be expensive and not in the interest of the Council at present to procure new contractors.

6.3 **Option 2 - Modification of contracts during their term - not direct award**
As the extension period of the contract has not yet expired consideration can be given to modifying the contracts. This can be done provided there are no substantial modifications to the original contract. It is anticipated that the modifications in this case would not be considered substantial as:

- the modified contract will not be materially different in character with the current contract.
- There are no substantial modifications to the current contract
- There will not be an increase in the price of the contract during the interim period.

6.4 However, in order to remain within the permissible definition contained in the Public Contracts Regulations 2015 the term may only be extended for a short period (up to 12 months – end of March 2017). An extension beyond a year could exceed 50% of the tendered contract price and given the complexity of the project and there is a risk that the full implementation of a Children and Family Partnership may take longer than planned. The arrangements for the interim provision needs to be able to continue beyond 31st March 2017 should implementation be delayed.

6.5 **Option 3 - Direct award of new interim contracts with amended terms** To directly award contracts to incumbent providers with amended terms, will enable the Council to align service delivery with the proposals for the new service, ensuring continuity of provision until the new service is implemented.

6.6 It is acknowledged that there will be a risk that an organisation will question or challenge the direct awards being recommended. However, given the state of this particular supply market, the service department believes the risk of a challenge is unlikely and low. This could be further mitigated by posting a Prior Information Notice in 2016 stating the council's intention to develop a radical new service and inviting interested parties to express their interest and come and engage in pre-procurement dialogue with us to help shape this new service delivery model so that it works for all concerned – service users, schools, the Council, and the providers.

6.7 Considering the above, the optimum solution would be to replace the existing contracts with new contracts via a direct award (option 3), reflecting the need to re-specify the service and to align the provision with the future integrated services.

7 CONSULTATION

- 7.1 The new contracts do not result in any significant changes to service provision during this transition period, accordingly there is no requirement to consult on these minor changes. There will however be a full public consultation during 2016 with regard to the proposed Children and Families Partnership model.

8 EQUALITY IMPLICATIONS

- 8.1 The new contracts will result in only minor changes to service users. Out of the 16 sites from which we deliver services there are only two small changes to provision at 2 locations. The first location will offer different children's centre services (provision for under 5s) and the provision at the second site (which currently offers only 2 sessions a week which are barely attended) will be relocated within the same reach area in order to improve attendance and therefore benefit more families. The offer in this area will increase as a result. There will be extensive consultation and a full Equalities Impact Assessment undertaken on the new delivery model once this has been formulated. (David Bennett Head of Change Delivery (Acting) 020 8753 1628)

9 LEGAL IMPLICATIONS

- 9.1 The 12 individual contracts fall within the Light Touch Regime (LTR) under Chapter 3, Section 7 of the Public Contracts Regulations 2015 ("the Regulations"), as set out in Schedule 3 for contracts relating to social and other specific services. Contracts under the LTR with a value below £589,148 do not need to be advertised in the Official Journal of European Union and are not subject to the full extent of EU procurement rules.
- 9.2 In accordance with Regulation 76(1) the Council can determine the procedure to be applied in connection with the award of contracts and take into account the specificities of the service in question. However, the procedure must ensure compliance with the principles of transparency and equal treatment of economic operators. Under Regulation 76(7) the Council may apply procedures for the purpose of Regulation 76 which correspond (with or without variations) to procedures in the Regulations.

- 9.3 Implications verified/completed by Sharon Cudjoe, Solicitor, Tel: 020 7361 2993

10 FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1 The Contract price for the financial year 2016-17 is estimated at £2,045,200. The available funding for the Children Centres in 2016-17 is estimated at £2,045,200. The LBHF contracts are funded from the Council's core funding stream. This is estimated at £1,677,200 and the allocation of £368,000 funding from Public Health. Appendix 3 shows a summary of the figures stated above and of how the contracts funding costs have been calculated.

- 10.2 Implications verified/completed by: (Adele Patriciello, Senior Management Accountant, 020 8753 2897)

11. IMPLICATIONS FOR BUSINESS

- 11.1 This approach seeks to continue to procure Children's Centre provision from local organisations benefitting the local community. (Antonia Hollingsworth, Principal Business Investment Officer, Economic Development Learning & Skills, Planning & Growth. x 1698)

RISK MANAGEMENT

- 12.1 Market testing is a key strategic risk, achieving the best quality services at best possible cost for the local taxpayer, risk number 4. The risk of a Direct Award has been accepted by Children's Services to enable continued delivery of the service whilst a longer term strategy is worked through. The challenging financial setting of the service is one acknowledged as a financial risk in the short and medium term. The services risk management arrangements are that key risks are assessed periodically and are reviewed quarterly by the Senior Leadership Team.
- 12.2 Implications verified/completed by: Michael Sloniowski, Shared Services Risk Manager telephone 020 8753 2587.

13. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 13.1 Approval for the existing service arrangements for Children's Centres expires in April 2016. Normally, under the Council's Contracts Standing Orders, a competitive tendering exercise would be run to select providers for new contracts.
- 13.2 However, the Council does not currently have the clarity and certainty about the radically different future shape of the new service delivery model needed to run an efficient procurement, and deliver good quality value for money outcomes from it. Nor, at the moment, does the service department know exactly when the new delivery model will be finalised and the Council able to take it to the market; and, consequently, how long the interim arrangements need to run to ensure service continuity.
- 13.3 Under the Public Contracts Regulations 2015 (PCRs), which came into force on 26th February 2015, all of the services required from the Children's Centres are defined as "Social and Other Specific" services and fall under the Light Touch Regime; a mandatory competition would only be required if a contract value exceeds £589,148.
- 13.4 If the existing contracts can be modified under Regulation 72 of the PCRs for the period of time needed by the service department to ensure service continuity until the radically new contracts can commence, this course should be taken. If, however, it is not permissible under the PCRs to modify and

extend the contracts for the period of time needed, the Interim Head of Procurement supports the direct award of new interim contracts to run for a period of no more than 24 months, with options allowing earlier termination as and when the Council is able to take the new delivery model to the market.

- 13.5 Whilst each of the new contracts would be below the £589,148 figure requiring a mandatory competition, the risk of a possible challenge to the direct awards would remain. A balanced approach to this risk should be taken. Given the nature of the supply market for the interim contracts, and the economic unattractiveness of their short term to new entrants, the service department believe this risk is low. However low, it could be mitigated by the placing of some form of Prior Information Notice that both would signal the council's intention to run a competition for the radically new service in 2017/18, and at the same time invite interested parties to engage in pre-procurement dialogue with the Council to help inform the shape of the new delivery model.
- 13.6 Provision exists within Contracts Standing Orders for these to be waived if the appropriate body, in this case Cabinet, believe the waiver is justified, given the nature of the supply market, and in the Council's interests.
- 13.7 Comments provided by John Francis, Interim Head of Procurement (job-share), Chief Executive Department 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
1.	October 6 th 2014 – Cabinet Paper - Interim proposal to extend current 16 Hammersmith and Fulham Children's Centre contracts for up to one year (published)	Yacoba Godwyll – x 2433	Children's services

LIST OF APPENDICES:

- Appendix 1**
- Appendix 2**
- Appendix 3**

Appendix 1:

Proposal for Children's Centres as part of an integrated early help offer: Children and Family Partnership model (from April 2017)

- 4.1 The Children's Centres play a key role in providing early help to vulnerable young families. They are ideally placed to identify early need and to work intensively with parents drawing on a range of multi-agency support, encouraging an asset based approach to enable individuals and families to be resilient and self-reliant.
- 4.2 A core strength of Children's Centres has also been in joining up services around children and families' needs and providing support from conception through the earliest years of a child's life. They bring services and programmes together for families and young children to have access to integrated, easily accessible health, early years and family support.
- 4.3 Building on the existing infrastructure and expertise in place to deliver the best possible offer for children and families, it is proposed that a new model for delivery through a single integrated early help offer is developed. This offer would connect a range of delivery partners Public Health, Clinical Commissioning Group (CCG) and Local Authority Family Services, including Children Centres) in support of a "Children and Families Partnership" (working title). This partnership approach will provide a single early help offer that supports children and families at all levels of need (Level 1-3).
- 4.4 The proposed model would marshal key resources to intervene earlier and to better target support to the most vulnerable children and families. This approach would work with families of children and young people from conception to age 18, (or up to 25 where there is an identified Special Educational Need).
- 4.5 It is proposed that 3 community based "Super" Children's Centres (working title) are developed, situated in key locations, through which the offer will be accessed. The "Super" Children's Centres would be a place in which a range of local services and provision comes together into a single integrated offer coordinated across multiple sites (maintaining at least the same number of sites offering Children's Centre services as there are currently), and ensuring that the benefits of universal provision (in terms of encouraging engagement amongst those families who might not access targeted provision and supporting the development of disadvantaged children through early intervention) are not lost.
- 4.6 This approach would ensure a core offer of support from conception into the early years of a child's life, but would recognise that children and families' needs do not stop there and that support is needed at different ages and stages.

Appendix 2

1. The commissioned offer during transition will therefore be based on the following principles:

- Strengthened preventative support within their universal offer
- Identification of those who need help early and connecting to appropriate support
- Increased availability of childcare and take up amongst vulnerable groups
- Improved parenting capacity and family attachment
- Improved school readiness
- Strengthened pathways to sustainable employment for parents
- A robust case work model approach to targeted work with families

2. The commissioned service will include:

- Access to a range of provision delivered in partnership and from multiple locations
- Transformation of generic Stay and Play sessions into needs led universal “drop in” provision that delivers best practice and innovation to promote:
 - i. early education, child development and school readiness
 - i. parenting aspirations, self-esteem and parenting skills;
 - ii. child and family health and life chances
- The development of a universal plus offer that includes a skilled home visiting case work element to support families with additional needs

Appendix 3

Reach area	Hub and spokes	Provider	Annual contract value	Lifetime contract value (including extension)
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Randolph Beresford	1. Randolph Beresford	Randolph Beresford Nursery		
TOTAL REACH SPEND			£286,000	£572,000

Old Oak	2. Old Oak	Mosaic		
TOTAL REACH SPEND			£285,000	£570,000

Cathnor	3. Cathnor Park	Vanessa Nursery	£175,000	£350,000
	4. Wendell Park			
TOTAL			£175,000	£350,000

Masbro	5. Masbro	Urban Partnership Group	£285,000	£570,000
	6. Masbro Brook Green	Urban Partnership Group	£38,000	£76,000
	7. Avonmore			
	8. Edward Woods			
	9. Shepherds Bush	Shepherds Bush	£20,000	£40,000
TOTAL REACH SPEND			£343,000	£686,000

Flora	10. Flora	Flora Primary School		
TOTAL REACH SPEND			£285,000	£570,000

Melcombe	11. Melcombe	Melcombe Primary	£285,000	£570,000
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		School		
	12. Bayonne	Bayonne Nursery School	£19,000	£38,000
	13. Normand Croft	Melcombe Primary School	£19,000	£38,000
TOTAL REACH SPEND			£323,000	£646,000

Fulham Central	14. Fulham Central	Pre School Learning Alliance	£285,000	£570,000
	15. Rays Playhouse Ltd.	Rays Playhouse Ltd	£19,000	£38,000
	16. New Kings/Thomas Academy	Pre School Learning Alliance	£44,000	£88,000
	17. Langford			
	18. Sullivan			
TOTAL REACH SPEND			£348,000	£696,000