

# Cabinet Background Documents



**11. Investing in our Borough (Pages 3 - 144)**

Officer: Jacqueline Harris Baker

Key decision: no

JACQUELINE HARRIS BAKER  
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<b>REPORT TO:</b>	<b>Cabinet Member for Children, Young People and Learning</b>
<b>SUBJECT:</b>	<b>South London Commissioning Programme Residential and Independent Fostering Agency Provision For Children Looked After Tender Award Report</b>
<b>LEAD OFFICER:</b>	<b>Rob Henderson, Executive Director Children, Families and Education Nick Pendry, Director of Children Family, Family Intervention and Children's Social Care</b>
<b>CABINET MEMBER:</b>	<b>Councillor Alisa Flemming Cabinet Member for Children, Young People &amp; Learning and Councillor Simon Hall Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>All</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</b></p> <p>The residential and foster care service provision will contribute to a number of corporate priorities including:</p> <ul style="list-style-type: none"> <li>• Children and young people thrive and reach their full potential</li> <li>• Children and young people are safe, healthy and happy, and aspire to be the best they can be</li> <li>• Safeguarding children and young people and improve their outcomes</li> <li>• Good, decent homes ensuring that all people including children have the opportunity to access a suitable home</li> </ul> <p>The proposed services for children looked after will facilitate the realisation of the Council's Equality Strategy objectives:</p> <ul style="list-style-type: none"> <li>• To improve outcomes for children by providing a better start in life</li> <li>• To achieve better learning outcomes for Children and Young People (CYP) by narrowing the attainment gap for those who are vulnerable</li> <li>• To achieve better outcomes for children and young people by increasing the proportion that say they are listened to and able to influence</li> <li>• To improve support for vulnerable people by making it easier for them to have more choice and control over their lives</li> </ul> <p>The Children Act 1989 sets out the duties of local authorities to provide a sufficiency strategy to meet the needs of the Children Looked After (CLA) population i.e. have a range of services that meet the needs of some of the most vulnerable children in society.</p>	

The Approved Provider Panel (APPA) for the provision of services for CLA and young people is a means to meeting the Council's statutory duty and ensuring sufficiency of provision.

The procurement exercise will ensure that the services are provided in accordance with:

- The Children Act 1989
- The Children and Families Act 2014
- Promoting the health and wellbeing of looked after children - DfE, DoH
- Children's Homes Regulations including the quality standards 2015
- National Minimum Standards for Fostering and Residential Care services
- Children's Social Care Standard Outcomes Framework

### **FINANCIAL IMPACT**

The contract award report is for the establishment of an Approved Provider Panel Agreement for residential and independent fostering agency placements for children looked after by the local authority. The establishment of the panel will increase placement choice, improve placement stability, and create greater price competition between providers. All of these factors should reduce the average cost of placements for the Councils accessing the panel.

The DfE Innovation Fund grant was secured for the development and implementation of a multi-borough commissioning solution for CLA placements in South London. The grant covers the cost of establishing the Approved Provider Panel and is supplemented by an annual contribution of £15,000 for each local authority named in the tender.

The Croydon Council residential care placements budget (2019/20: £3.258 million) is under significant financial pressure due to increasing numbers of children in high cost residential placements. The Croydon Council IFA budget (2019/20: £5.619 million) is also under considerable pressure. Both overspends are currently being contained within the overall Council budget. A number of initiatives are in place to reduce the number and cost of children looked after in residential care and IFA placements in Croydon, of which the development and implementation of this proposal is a key element.

### **FORWARD PLAN KEY DECISION REFERENCE NO.: 1120CYPL**

The Leader of the Council has delegated to the Cabinet Member for Children, Young People and Learning the power to make the decisions set out in the recommendations below.

#### **1. RECOMMENDATIONS**

- 1.1 The Cabinet Member for Children, Young People and Learning in consultation with the Cabinet Member for Finance and Resources are recommended by the Contracts and Commissioning Board to:

1.1.1 Approve the award contracts for admittance to the Approved Provider Panel Agreement for the 2 Lots;

- **Lot 1 – Residential Child Care Provision;**
- **Lot 2 – Independent Fostering Agency Provision.**

To the providers as detailed in the Part B report on this report, for a contract term of three years, with an option to extend for up to a further 5 years, in periods of 2+2+1 at a maximum overall agreement value of £700,000,000 for the whole of the SLCP member boroughs, of which Croydon's maximum agreement spend will be £90 million based on a projected annual budget of approximately £11.2 million per annum.

1.1.2 To note that the names of the successful providers will be released once the decision has been implemented.

## **2. EXECUTIVE SUMMARY**

- 2.1 The South London Commissioning Programme (SLCP) has been established to collaborate across borough boundaries to improve outcomes for children and young people with SEN and those that are looked after.
- 2.2 The Approved Provider Panel is an agreement with successful providers that will enable the contracting authorities to place orders for services without running lengthy tendering exercises. The Approved Provider Panel is intended to achieve economies of scale through large volume buying across multiple South London Boroughs.
- 2.3 The Approved Provider Panel Agreement has been established by the South London Commissioning Programme Children Looked After (CLA) Group, consisting of Croydon, Bexley, Royal Borough of Greenwich, Merton, Lewisham, Lambeth, Southwark and Sutton.
- 2.4 Based on the 2017-18 actual spend figures, the combined expenditure across the sub-region is approximately £88 million per annum bringing the total estimated spend through the Approved Provider Panel to approximately £700 million over an 8-year period.
- 2.5 This report seeks Cabinet approval for the award of contracts for admittance to the Approved Provider Panel for residential and independent foster agency care provision for a **3-year term with the option to extend for a further 5 years (2 + 2 +1 years)**.
- 2.6 The Croydon Council framework for independent fostering agency placements ends in July 2020. The APPA provides an opportunity for Croydon Council to replace this framework and continue to secure placements for children looked

after with independent fostering agency providers using the new arrangements set out in this report.

- 2.7 There are currently 18 IFA providers on the existing Croydon IFA framework which ends in July 2020. Croydon Council secures residential care placements through spot purchasing.
- 2.8 The APPA will have forty residential care and IFA providers. These providers will be accessible to Croydon Council from April 2020. The volume of providers will increase following any future APPA refresh.
- 2.9 The procurement strategy was approved in September 2019 under delegation during the summer recess. Decision reference: 3519CYPL.
- 2.10.1 As the Full Cabinet is not meeting in April 2020, the Leader of the Council has delegated to the Cabinet Member for Children, Young People and Learning the power to make the decisions set out in the recommendations below. This will allow for the APPA to 'go live' in May 2020, in line with the expectations of the DFE Innovation Fund and member boroughs of the SLCP.
- 2.11 The content of this report has been endorsed by the Contracts and Commissioning Board.

<b>CCB Approval Date</b>	<b>CCB ref. number</b>
April 2020	CCB1561/19-20

### **3. BACKGROUND**

- 3.1 The South London Commissioning Programme (SLCP) is a partnership of 12 South London Boroughs (London Boroughs of Merton, Croydon, Sutton, Bromley, Bexley, Lewisham, Wandsworth, Richmond, Lambeth, Southwark and the Royal Boroughs of Kingston and Greenwich) which is hosted by Croydon Council. The SLCP has responsibility for collaborating on the strategic commissioning of good quality placements for children and young people with Special Educational Needs & Disabilities and those who are Looked After.
- 3.2 For this procurement, participating boroughs are; Croydon, Merton, Sutton, Bexley, Lewisham, Lambeth, Southwark and Greenwich. Other members of the SLCP are able to access the APPA at a later date.
- 3.3 The aim of the Partnership is to develop regional commissioning models which operate at sufficient size to provide economies of scale and a varied range of placement options. This approach seeks to achieve the following outcomes;
- Increased placement stability;
  - Children matched to the right placements to meet their needs;
  - Opportunities to shape the market to deliver outcomes;
  - Positive interventions for CLA through innovative joint projects, and;

- Value for money for local authorities.

## Procurement Process

- 3.4 The SLCP held 2 provider events; a networking and briefing event on 22 May 2019 and a pre-procurement market engagement event on 11 September 2019. Both events were held at the Croydon Conference Centre, with a total of 134 suppliers in attendance. Feedback received was positive.
- 3.5 The APPA is being established under Regulations 74 to 77 of the Public Contracts Regulations (PCR) 2015 'Light Touch Regime' (LTR). The tender process was aligned to the standard Open Procedure.
- 3.6 Accordingly, an OJEU contract notice and Contracts Finder advert were submitted on October 10, 2019. The names of the SLCP partners were set out in the Contract Notice as users of the Approved Provider Panel Agreement. The APPA will also be available to any future boroughs that join the SLCP. New members will be named in any future Contract Notices.
- 3.7 The opportunity was also advertised on Value Croydon and shared with partner boroughs for publication on their websites. Notifications were sent to provider lists from the eight local authorities which are part of the SLCP Children Looked After consortium.
- 3.8 Tender documents were made electronically available on the London Tenders Portal and accessible to interested parties for approximately thirty days. The tender submission deadline was Monday 11<sup>th</sup> November 2019.
- 3.9 The Independent Children's Home Association (ICHA) and the Nationwide Association of Fostering Providers (NAFP) both advertised the tender opportunity to their members.
- 3.10 The tender documents provided clear guidance and instructions to the market setting out how the Approved Provider Panel and call-offs will work.
- 3.11 151 expressions of interest were registered on the London Tenders Portal from a range of providers but only 92 providers submitted a completed response document by the tender submission deadline.
- 3.12 The tender is divided into 2 Lots with sub-lots as follows;

Lot	Service Area	Sub-Lot
Lot 1	Residential Care	1a: Standard Placements. 1b: Specialist Placements.
Lot 2	Independent Fostering Agency	2a: Standard Placements. 2b: Specialist Placements. 2c: Emergency Placements.

## Evaluation

- 3.13 The tender response document was sectioned into three distinct areas; Selection Questionnaire (SQ) Compliance, quality and price.
- 3.14 Commissioners, service and operational leads from participating boroughs are represented on the Children Looked After Operational Group to develop practice and oversee the tender process. Croydon, as the lead authority, coordinated this process. The project group provided expertise for the development of the service specification, quality questions, and pricing structure for the Approved Provider Panel.
- 3.15 An evaluation panel was established with social care professionals from member boroughs of the South London Commissioning Programme. Due to the number of bids received the SLCP also employed three social care professionals with a strong background in tender evaluation and children looked after services to carry out evaluations.
- 3.16 **Safeguarding:** As part of the tender process, the SLCP has sought to ensure high safeguarding standards through the following requirements;
- **Provider Registration With Regulatory Body:** SLCP is only considering service providers who are registered with the appropriate regulatory body. Providers in England are required to be Ofsted registered and have been inspected and judged to be 'Outstanding' or 'Good'. For providers with multiple residential sites, at least 70% of their sites must have an Ofsted judgement of good or outstanding. Providers in Scotland and Wales are required to be registered with the respective Care Inspectorates. All registrations have been verified as part of the due diligence process.
  - **Tender Method Statement:** The tender response document included a method statement to assess the safeguarding and child protection policies, practices and procedures of service providers. The method statement was designed jointly by a cross section of designated service leads, commissioners and placement managers from partner boroughs.
  - Bidders were requested to demonstrate how safeguarding is embedded in their systems and processes through their policies and mandatory training schedules. Responses were also reviewed by evaluators to ensure that bidders' narratives were sufficiently supported by evidence.
  - **Safeguarding Protocols in Service Specification:** The tender service specification sets out a requirement for Providers appointed to the APPA to take the necessary action to ensure children's safety and well-being in compliance with the law and in line with the London Safeguarding Children Board: Child Protection Procedures, irrespective of their location. This includes the requirement to appoint a designated



safeguarding lead to whom these allegations are reported.

- **References:** The SLCP is taking references for all providers who have applied to join the APPA. In the event that any safeguarding concerns are raised in the references, these are investigated.
- **Existing Placements:** Local authorities will not move placements if providers lose their Good or Outstanding Ofsted rating, unless absolutely necessary however such providers will not receive new placements. Additionally, existing placements will not be changed as a result of the APPA being established.

3.17 The standard SQ compliance questions covered the following;

- Grounds for mandatory or discretionary exclusion.
- Economic and financial standing.
- Insurance requirements.
- Relevant experience and contract examples.
- Requirements under Modern Day Slavery Act 2015.
- Requirements under Public Sector Equality Duty.
- Health and safety requirements.
- General Data Protection Regulations (GDPR) and Information Management requirements.

3.18 Finance officers conducted the standard financial appraisal, while tender compliance for other requirements was carried out by procurement and project support officers. This approach ensures probity and that the most economically advantageous suppliers are admitted to the Approved Provider Panel.

3.19 Providers appointed to the Approved Provider Panel were required to secure a minimum score of 3 out of 5 for all method statements. Method statements were as follows;

- Service Delivery, Including Outcomes for CYP, workforce and service user engagement. 25%.
- Safeguarding, Risk Management and Data Protection. 25%.
- Social Value. 10%.

3.20 Panel members individually assessed each qualitative submission and all scores were moderated by the panel. All moderation meetings were chaired by the South London Commissioning Programme with support from a procurement professional to ensure consistency. All applicants that have passed the Selection Questionnaire and have met the minimum assessment criteria are recommended for admission to the Approved Provider Panel.

3.21 Suppliers submitted prices based on weekly rates for each category bid for. The total price weighting of 40% is apportioned to each of the Sub-Lots.

Bidders were instructed to submit tender prices fully inclusive of all costs. There was no maximum or minimum price requirement.

- 3.22 The Quality/Price evaluation ratio is 60%/40% to ensure that providers submit competitive prices without compromising quality. All providers who have met the quality and price criteria as well as the compliance elements of the tender will be appointed to the APPA.
- 3.23 Contract management arrangements will involve a lead local authority for each APPA provider. Regular visits will be carried out with resources and information shared between placing authorities. This will result in a more consistent, effective and streamlined contract management process.

### **Results from the Evaluation Process**

- 3.24 A summary of the results of the evaluation process are set out below;

#### **LOT 1 – Residential Care**

	Total Bids	Total Passed SQ Compliance and Quality	Total for Admission to APPA
Sub-Lot: Standard	36	11	11
Sub-Lot: Specialist	21	10	10

#### **LOT 2 – Independent Fostering Agency**

	Total Bids	Total Passed SQ Compliance and Quality	Total for Admission to APPA
Sub-Lot: Standard	60	29	29
Sub-Lot: Specialist	60	31	31
Sub-Lot Emergency	46	23	23

### **Tender Refresh in 2020**

- 3.25 The number of providers bidding as part of the tender was lower than had been anticipated. The number has been further reduced by the requirements of the tender process in terms of compliance and quality.
- 3.26 Some providers have indicated that mandatory discounts of 5% for placement stability, bulk, and siblings, resulted in them deciding to not participate in the tender process. Other providers have indicated that they have increased fee levels to reflect these mandatory discounts.

- 3.27 In order to admit additional providers to the Approved Provider Panel Agreement it is the intention of the South London Commissioning Programme to refresh the APPA within four months of this tender award being completed.
- 3.28 The APPA refresh will require a further tender process in 2020 which will include a revised pricing schedule to better achieve the aims of the partnership. Existing providers on the APPA will have the option to submit revised prices based on the new pricing schedule. The SLCP has received legal advice to confirm that this approach is permissible subject to amendments to APPA contract terms.
- 3.29 It became apparent from tender evaluation that for most providers, further clarity around GDPR/IT compliance would be necessary for the refresh therefore the SLCP will provide guidance with the tender documents to raise the quality of their practice in this area.
- 3.30 In accordance with regulation 11.3.3 of the Council's Tenders and Contracts Regulations approval will be sought from CCB for any appointment of new providers to the APPA following each future refresh of the APPA.
- 3.31 Detailed information of quality and price scores for each bidder are summarised in Part B of this report.

#### **4. CONSULTATION**

- 4.1 A series of children and young people events have been undertaken by the SLCP's engagement support officer. There are focus groups established in boroughs across South London. Young people have reported feeling listened to and that engagement approaches have been friendly. Continuous engagement will be undertaken to capture feedback and input from children and young people.
- 4.2 Work will continue to engage hard to reach young people and, where appropriate, these young people will be signposted to relevant services and activities in their area. Engagement officers have also visited providers to engage young people.
- 4.3 Service users have helped to design the 'All About Me' and 'All About Us' profiles that will be used to support the placement process in future. This will ensure good quality information is available to young people in advance of a placement being completed. It will also enable young people to create their own profiles to support their placement experience and improve placement decision-making.

#### **5. PRE-DECISION SCRUTINY**

- 5.1 This report has not gone to a Scrutiny meeting.

## 6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

6.1 The Croydon Council residential care placements budget (2019/20: £3.258 million) is under significant financial pressure due to increasing numbers of children in high cost residential placements . The Croydon Council IFA budget (2019/20:£5.619 million) is also under considerable pressure. Both overspends are currently being contained within the overall Council budget. A number of initiatives are in place to reduce the number and cost of children looked after in residential care and IFA placements in Croydon, of which the development and implementation of this proposal is a key element.

### 6.2 Projected Expenditure 2019-20 to 2022-23 for Residential Care Placements and Independent Fostering Agency Placements

<b>Independent Fostering Agency</b>	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20	2020/21	2021/22	2022/23
<b>Revenue Budget available</b>	5,619,000	4,769,000	4,769,000	4,769,000
<b>Expenditure</b>	7,260,658	7,260,658	7,260,658	7,260,658
<b>Forecast</b>	<u>1,641,658</u>	<u>2,491,658</u>	<u>2,491,658</u>	<u>2,491,658</u>

  

<b>Residential Care</b>	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20	2020/21	2021/22	2022/23
<b>Revenue Budget available</b>	3,258,000	6,458,000	6,458,000	6,458,000
<b>Expenditure</b>	5,906,456	5,906,456	5,906,456	5,906,456
<b>Forecast</b>	<u>2,648,456</u>	<u>(551,544)</u>	<u>(551,544)</u>	<u>(551,544)</u>

- 6.3 **Risks:** There are no direct financial risks associated with the establishment of the APPA. There is no obligation on member boroughs to secure placements from the providers on the APPA.
- 6.4 The inclusion of 5% mandatory discounts for sibling placements, placement stability and bulk purchases has created an upward pressure on fee levels due to bidders deciding to front load fee levels to compensate for the discounts and future inflationary pressures. Revised discount structures will be considered in any future refresh of the APPA.
- 6.5 There is a risk that due to the relatively small number of providers being recommended for admittance to the APPA from this tender that member boroughs will need to continue to spot purchase for some placements. This will be partly addressed by a tender refresh which will target new bidders and will seek improved tenders from bidders that were unsuccessful on this occasion.
- 6.6 Options: This approach enables the council to contain costs by reducing reliance on spot purchase placements.
- 6.7 **Future savings/efficiencies:**
- Better value for money through economies of scale with eight London boroughs.
  - Reduction in the number of procedures the contracting authorities have to run, therefore decreasing the time and costs linked to carrying out procurement.
  - A more streamlined, standardised and efficient referral process.
  - A reduction in the number of spot purchases made by participating boroughs.
  - Potential savings through joint contract management of the sector.
  - Opportunities to address gaps in the market to reduce costs and improve the service offer.

Approved by: Kate Bingham: Head of Finance, Finance Investment and Risk

## **7. LEGAL CONSIDERATIONS**

- 7.1 The Director of Law and Governance comments that the legal considerations relevant to the recommendation are contained in the body of this report.

Approved by: Sean Murphy, Director of Law and Governance

## **8. HUMAN RESOURCES IMPACT**

- 8.1 All existing arrangements and contracts with residential and foster care agencies are expected to continue without disruption to service provision

therefore no adverse implications are anticipated for staff currently involved in delivering services across the region.

- 8.2 This procurement exercise does not propose changes to service delivery beyond what is being undertaken although providers may have to adapt their delivery approach in order to achieve expected service outcomes.
- 8.3 The expectation is for Placement Teams, Access to Resources Teams and Social Workers to refer new and future placements to providers who qualify to be appointed to the Approved Provider Panel.
- 8.4 Approved Provider Panel providers may need to recruit additional staff with the relevant skills and qualifications to meet the requirements and demands of the contracting authorities.
- 8.5 As a London Living Wage borough, all applicable contracts will include the requirement to pay the London Living Wage. The Living Wage Foundation Living Wage will apply to contracts in other parts of the country.
- 8.6 There will be no TUPE implications for Croydon through this procurement as residential care provision is currently procured through spot purchasing arrangements.

Approved by: Nadine Maloney, Head of HR; Children, Education and Families.

## **9. EQUALITIES IMPACT**

- 9.1 An equality analysis of the SLCP CLA Project was undertaken in November 2018 to ascertain the potential impact the proposed change would have on protected groups. This concluded that a further equality analysis was not required for the following reasons;
  - The change represents an improvement in the Council's current Residential and Independent Fostering Agency placements and commission processes.
  - There will be no change to the service provisions themselves.
  - Outcome based commissioning will lead to improved outcomes for CLA and Young People.
- 9.2 The proposed services for children looked after will facilitate the realisation of the Council's Equality Strategy objectives:
  - To improve outcomes for children by providing a better start in life.
  - To achieve better learning outcomes for Children and Young People (CYP) by narrowing the attainment gap for those who are vulnerable.
  - To achieve better outcomes for children and young people by increasing the proportion that say they are listened to and able to influence.

- To improve support for vulnerable people by making it easier for them to have more choice and control over their lives.

Approved by: Yvonne Okiyo, Equalities Manager

## **10. ENVIRONMENTAL IMPACT**

- 10.1 There are no direct environmental impacts.

## **11. CRIME AND DISORDER REDUCTION IMPACT**

- 11.1 There are no crime and disorder reduction implications associated with the proposed recommendations and subsequent services.

## **12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 12.1 Admittance to the Approved Provider Panel Agreement is recommended for tenderers which have passed the requirements as set out in the tender documentation.
- 12.2 The establishment of the APPA will give the Council the opportunity to secure placements at a preferable rate in comparison to spot purchasing. By working with other member boroughs, the Council will be able to better understand and develop the market for residential care and independent fostering agency provision.

## **13. OPTIONS CONSIDERED AND REJECTED**

### **13.1 Do nothing**

The Council has a statutory duty to meet the needs of vulnerable children and young people including Children Looked After (CLA) and those with Child Protection Plans. Therefore this is not an option.

### **13.2 Establish a Standard Framework Agreement**

A standard framework agreement does not allow for new providers to be admitted once established. A standard framework cannot be refreshed to ensure it continues to meet demand and attract the best providers throughout the life span of the framework. The structure of the framework cannot be changed in any way. This option was rejected by the South London Commissioning Programme Children Looked After (CLA) Project Board.

### **13.3 Establish a Dynamic Purchasing System (DPS)**

The South London Commissioning Programme Children Looked After (CLA)

Board agreed that the additional resources and costs required to implement and manage a DPS will not be a cost effective solution for the commissioning of Residential and Foster Care Provision. Therefore this option was rejected in a majority decision at the South London Commissioning Programme Children Looked After (CLA) Project Board meeting on 24 April 2019.

**13.4 Continue to Spot Purchase Residential Care and Independent Fostering Placements.**

The continued spot purchasing of residential care placements is likely to result in higher costs to the Council than those available through the APPA. Spot purchasing reduces a Council's capacity to secure services from a wide range of providers.

Croydon Council currently has a framework for independent fostering agency placements which ends in July 2020. Without alternative arrangements in place the Council will be required to secure all future placements via spot purchasing. This is likely to result in higher placement costs and less coordination of services on a sub-regional basis.

**14. DATA PROTECTION IMPLICATIONS**

**14.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

**YES**

Once a placement is made the providers receive personal data on children and young people. This data is retained by the provider throughout the duration of the placement.

**14.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

**YES**

The procurement was carried out under guidance from Croydon Council's Information Team. A specific question on GDPR and information security was included in the compliance section of the tender. Responses to this question have been evaluated and moderated in order to ensure that all providers are compliant with the tender in this regard.

An updated DPIA has been reviewed and approved on behalf of the Council's Data Protection Officer in March 2020.

Approved by: Sarah Kelly, Corporate Solicitor, on behalf of Sandra Herbert, Head of Litigation and Corporate Law, Council Data Protection Officer



<b>CONTACT OFFICERS:</b>	Sandra Asiedu, Procurement Delivery Specialist, South London Commissioning Programme (SLCP), 0208 726 6000 Ext 63622 Paul Williamson, Strategic Programme Lead, South London Commissioning Programme, 07967 347643
<b>APPENDICES:</b>	None
<b>BACKGROUND PAPERS:</b>	Data Protection Impact Assessment

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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<b>REPORT TO:</b>	<b>CABINET MEMBER FOR FAMILIES, HEALTH &amp; SOCIAL CARE (delegated)</b>
<b>SUBJECT:</b>	<b>Contract Award Health and Social Care Services Dynamic Purchasing Systems (DPS) – DPS 3 Independent Living &amp; Supported Housing – Lot 2 Housing Related Support</b>
<b>LEAD OFFICERS:</b>	<b>Guy Van Dichele, Executive Director of Health, Well Being and Adults Robert Henderson Executive Director of Children, Families and Education Julia Pitt Director of Gateway Sarah Warman Director of Commissioning and Procurement</b>
<b>CABINET MEMBER:</b>	<b>Councillor Jane Avis, Cabinet Member for Families, Health, and Social Care Cllr Alisa Flemming, Cabinet Member for Children, Young People and Learning Councillor Alison Butler, Cabinet Member for Homes and Gateway Services Councillor Simon Hall, Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>All</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</b></p> <p>This approach supports the following corporate priorities for the next 4 years as set out in the Corporate Plan 2018-2022:</p> <p><b>Promoting Independence and Enablement:</b> To help people live long, healthy and independent lives with access to effective health services and care services. and, to help families be resilient and able to maximise their life chances and independence</p> <p><b>Partnership:</b> Work in partnership with the NHS to provide <b>good quality health</b> services to Croydon's population.</p> <p><b>Children and Young People:</b> Ensure that children and young people in Croydon are safe, healthy and happy.</p>	

**Locality Matters:** Develop services that are place based and integrated within their local community and tailored to local needs.

### **FINANCIAL IMPACT**

Lots from the three Dynamic Purchasing Systems (DPS) to be introduced in over the next six months sit in three council departments Health Wellbeing and Adults, Children's and Gateway services. The total value of the services included in DPS1, DPS 2 and DPS 3 is currently £85,000,000 per annum against a 2019/20 Budget of £73,000,000.

From 2020/21 onwards, there is an expectation that pressure on this budget will continue to be managed, through a combination of better contract monitoring and control of expenditure, and where required finding alternative savings or securing growth for expenditure through the medium term financial strategy. The council budget for 2020/21 is not yet finalized, although the anticipated spending pressure on areas in scope has been flagged.

Additionally, the Council's health partners have access to other public and private funds to commission and procure services from the DPS's. It is anticipated that these organisations will contribute financially to our management of the DPS's. This will significantly increase the total spend on potential contracts being procured from the three DPS's.

The proposal is to establish the three DPS's to a maximum total value of £150,000,000 per annum to provide flexibility and allow significant headroom for the Council and partners to procure from the DPS's over the DPS duration of up to ten years. Most services commissioned to the DPS will be subject to mini-competition to ensure value for money.

### **FORWARD PLAN KEY DECISION REFERENCE NO.: 4919 FHSC**

The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.】

The Leader of the Council has delegated to the Cabinet Member for Families, Health, and Social Care the power to make the decisions set out in the recommendations below:

#### **1 RECOMMENDATIONS**

The Nominated Cabinet Member for Families, Health, and Social Care in consultation with the Cabinet Member for Finance and Resources is recommended by the Contracts and Commissioning Board to approve the following:

- 1.1 The initial appointment of suppliers listed in Part B of this report for the establishment of the Health and Social Care Services DPS for DPS 3 Independent Living & Supported Housing – Lot 2 Housing Related Support for a period of 5 years with an option to extend for five subsequent periods each of one year This is based on the contract terms issued as part of inviting

tenders, such suppliers being those who have satisfied specified selection criteria;

- 1.2 The award of contracts and placements called off under the DPS's to be approved in accordance with the Council's Scheme of Financial Delegations and notified to Cabinet in accordance with paragraph 3.20 of the Part A report.

## **2 EXECUTIVE SUMMARY**

- 2.1 The procurement strategy for the Dynamic Purchasing Systems ('DPS') for Health and Social Care requirements for an initial period of five (5) years with options to extend for five subsequent periods each of one year with a total estimated annual value of up to £150,000,000.00 was approved by Cabinet on 10th July 2019 (Ref:)

This report is seeking to approve the establishment of the new DPS 3 Independent Living and Supported Housing - Lot 2 Housing Related Support which forms part of the 3 DPS's for the Council's requirements for Health and Social Care, with the providers listed in Part B of this report and the procedures for the award of call offs contracts. The listed providers have met the minimum requirements to be included as approved suppliers on Lot 2 of DPS 3.

- 2.2 The content of this report has been endorsed by the Contracts and Commissioning Board.

<b>CCB Approval Date</b>	<b>CCB ref. number</b>
31 <sup>st</sup> December 2019	CCB1546/19-20

## **3 DETAIL**

### **Background**

- 3.1 The Council adopted a new Corporate Plan in October 2018. This plan sets out the Council's promises to residents, business and partners over the next four years. In order to deliver the Corporate Plan, the Council is seeking to radically change the way services are delivered, with a strong focus on prevention, enablement and locality based working. This approach will be outcome focused and evidence-led, recognising that services need to differentiate to respond to the differing needs across the borough. The DPS's are designed to support the new corporate plan while ensuring services are value for money.
- 3.2 The Council currently spends in excess of £85m every year in financial support to the Adult and Young Peoples Social Care and Supported Living Services. This funding includes Day Care, Domiciliary Care, Nursing Care Homes, Residential Care Homes, Respite Care, Supported Living and Supported Housing. The Council has confirmed its commitment to continuing this funding and increasing the investment over the next four years from April 2020.

- 3.3 The current Integrated Framework Agreement for Adult and Young Peoples Social Care Services is coming to an end in March 2020 and new services need to be procured before the new financial year 2020/21.

On 10<sup>th</sup> July 2019, Cabinet approved the procurement strategy for the Council to establish a number of Dynamic Purchasing Systems (three at this stage) across these areas to enable a quick route to the market for the commissioning and procurement of the health and social care services for Croydon residents as described in the report. The three Dynamic Purchasing Systems will be made available for the Council's health partners including the Croydon One Alliance, the Clinical Commissioning Group, and SLaM which has been estimated to increase the total maximum value of the DPS's to up to £1,500,000,000 over the maximum 10 year period.

- 3.4 The services within each of the three DPS's have been divided into separate Lots and Service Categories that are required.

**Fig. 1 DPS and Lot Structure**

<b>DPS</b>	<b>Title</b>	<b>Lots</b>	<b>OJEU notice</b>
<b>1</b>	Domiciliary Care and Active Lives	Lot 1: Domiciliary Care Lot 2: Active Lives and Day Care Lot 3: Outreach Services	December 2019
<b>2</b>	Residential Homes	Lot 1: Residential Care Homes Lot 2: Nursing Homes Lot 3: Private Hospitals (TBC) Lot 4: Respite Care	April 2020
<b>3</b>	Independent Living and Supported Housing	Lot 1: Supported Living Lot 2: Housing Related Support Lot 3: Young People Accommodation Support Services	26 September 2019

- 3.5 **Award Criteria:** The majority of service users receiving services via the DPS are the most vulnerable people in the community, including the elderly and frail; children and young people at risk; people with physical and learning disabilities, people with mental health and challenging behaviour; the homeless and people with special needs. The safeguarding issues and their health and safety is of paramount importance. The award criteria ratio was in accordance with Regulation 22 of the Tenders and Contracts Regulations to change the evaluation criteria to **60% quality** and **40% price**.
- 3.6 The procurement of the DPS 3 was carried out under the Social Care 'Light Touch' regime and followed the rules of the restricted tender (reg 34 (5) PCR 2015). The tender opportunity was advertised through OJEU on 26th September 2019 (Ref: 2019/S DN434334), the Contracts Finder and Council Website. Tenderers were required to submit their SQ responses by 12:00 noon on Wednesday 6th November 2019.

#### **DPS 3 Selection Questionnaire (SQ) Evaluation - Stage 1**

- 3.7 **Stage 1:** A Selection Questionnaire (SQ) is developed for each DPS and this will be relevant and proportionate to the services required under each DPS and Lot. The SQ tests the provider's suitability to become part of the relevant



DPS, by responding to the questions in the Technical and Professional section where suppliers provide evidence of their experience knowledge, skills, expertise and qualification to provide the relevant services and work with the various cohorts of service users. Applicants will need to provide references of similar contracts for services provided to other local authorities or health organisations. Additionally, questions will include information about accreditation such as Equalities, Safeguarding, Social Value, General Data Protection Regulations and London Living Wage. Providers who pass the selection and exclusion criteria will be admitted to the DPS for the relevant Lots for the Council to commission services from as part of Stage 2.

3.8 The SQ checks were carried out in the following sequence:

- Part 1: Company Information
- Part 2: Exclusion Grounds and Modern Day Slavery
- Part 3: Financial and Insurance
- Part 4: Technical and Professional Ability – Quality Evaluation (3.11)
- Part 5: Pricing evaluation (3.13)

3.9 **Quality Evaluation:** The quality method statement questions are bespoke to each DPS, Lot and Service Category. The table below sets out a typical set of method statements questions that were used to access the question of providers' quality submission as shown in the table below:

**Fig. 2 Example Quality Method Statement Questions**

	<b>Weighting of</b>
Contract Examples – two relevant examples	Pass/Fail
Sub-contracting arrangements	Pass/Fail
Safeguarding	Pass/Fail
Equalities and Diversity	Pass/Fail
Business Continuity Plan and Disaster Recovery	Pass/Fail
GDPR	Pass/Fail
CQC Registration	Pass/Fail
Organisational Structure and Resource Levels	FIO
Registered Locations	FIO
Training Matrix	FIO
Contract Management	4%
Continuous Improvement and Innovation	4%
Customer Satisfaction	2%
Environmental, Economic and Social Value	6%
Training	2%
Premier Supply Programme	2%
Service Delivery Model	10%
Delivering Services in Croydon	10%
Service Categories	15%
Day Opportunities	5%
Total	60%

- 3.10 The quality evaluation panels were made up of a minimum of three evaluators with experience in the relevant service disciplines. Each evaluator evaluated every qualitative submission independently and then the scores were brought together for a moderation panel. The moderation panel was chaired by a moderator who represented the Council's relevant Commissioning and Procurement Team.
- 3.11 The quality evaluation consists of the comparison of bidder responses against the SQ and the specific method statements questions. To be approved for a place on each DPS, Providers needed to:
- Pass all the Pass/Fail questions, and
  - Achieve a minimum score of 2 out of 5 against all the weighted questions, and
  - Achieve a minimum score of 36 out of 60 (i.e. 60%) for all the weighted scores, and
  - Completed the schedule of prices for the respective Lot and Service Category described below.
- 3.12 **Price Evaluation:** A bespoke pricing schedule has been developed for each DPS, Lot and Service Category. The table below sets out a typical price schedule that was used to assess the question of providers' quality submission:

**Fig. 3 Example Pricing Schedule**

<b>All-inclusive Hourly Rates for</b>	<b>Weighting of</b>
Core Service and 1:1 – Hourly Rate	34%
Waking Night – Hourly Rate	4%
Sleep-In Rate	2%
<b>Total</b>	<b>40%</b>

- 3.13 The price evaluations were carried out by the Commissioning and Procurement team.

### **DPS 3 SQ Returns**

- 3.14 There were 130 SQ Submissions received for DPS 3 for the Lots and Service Categories as follows, (noting that tenderers may have submitted tenders for any number of Lots and Categories):

**Fig 4. DPS 3 returns**

<b>Lots</b>	<b>Service Categories</b>	<b>Bidders</b>
<b>Lot 1</b>	<b>Supported Living</b>	<b>71</b>
	1. Mental Health	57
	2. Learning Disabilities	64
	3. Physical Disabilities	44
	4. Autism	58
	5. People with Challenging Behaviour	61
<b>Lot 2</b>	<b>Housing Related Support</b>	<b>28</b>
	1. Single Homeless, Ex-offenders, Rough Sleepers	14

	2. Women experiencing DASV	14
	3. Single Homeless with complex issues	13
	4. Adults with long term accommodation support needs	16
	5. Floating Support	20
<b>Lot 3</b>	<b>Young Peoples semi-independent accommodation</b>	<b>69</b>
	1. All categories	69

3.15 The outcome of this quality and price evaluation process for DPS 3 Lot 2 has resulted in:

- Lot 1 – The evaluation of Supported Living will be completed in mid January.
- Lot 2 - The selection of a total of 10 approved providers in the categories below.
- Lot 3 – The evaluation of Young People's semi independent accommodation will be completed by the end of January 2020 and will be reported separately

Fig. 5 DPS 3 Approved Providers

<b>Lots</b>	<b>Service Categories</b>	<b>Approved Provider</b>
<b>Lot 1</b>	<b>Supported Living</b>	
	1. Mental Health	<i>All categories completed in mid January</i>
	2. Learning Disabilities	
	3. Physical Disabilities	
	4. Autism	
	5. People with Challenging Behaviour	
<b>Lot 2</b>	<b>Housing Related Support</b>	<b>10</b>
	1. Single Homeless, Ex-offenders, Rough Sleepers	7
	2. Women experiencing DASV	4
	3. Single Homeless with complex issues	5
	4. Adults with long term accommodation support needs	1
	5. Floating Support	7
<b>Lot 3</b>	<b>Young Peoples semi-independent accommodation</b>	
	1. All categories	<i>Evaluation will be completed end of January 2020</i>

#### DPS Call-off process – Stage 2

3.16 **Mini-competition:** When the Council needs to commission and procure a service, an invite will be sent to all admitted/approved providers on the relevant DPS and Lot. This will include details of the mini-competition process. The award criteria to be used for the award of individual contracts will be set out in the original contract notice. These criteria will be formulated more precisely for each specific contract and will be set out in the invitation to tender for the specific contract. All providers will be requested to complete a

detailed method statement and pricing schedule against the new detailed specification for the specific services required. Providers will be invited to submit their tender on the tender portal by the closing date indicated at least 10 days from the date on which the invitation to tender is sent. All tenders received will be opened and evaluated by the Tender Evaluation Team which will consist of the specific commissioners, contract and procurement officers and the Category Manager.

- 3.17 **Individual call-offs:** The SQ included a schedule of prices/rates for each Lot and Service Category. This allows the Council to rank the providers by Quality and Price (or Price only). This will then be used to call off services in an emergency or urgency situation where service users require an immediate care and/or support package. In this case, the Council will approach the rank one provider in the first instance. If the rank one provider cannot accommodate or deliver the service, it will then be offered to the next ranked provider. It is also possible to offer choice to service providers by allowing the service user to choose their preferred provider from the top three ranked providers.
- 3.18 Any call off or mini competition from the DPS's will comply with the Council's Tender and Contracts Regulations, adopting 60:40 quality/price ratio and all packages or contracts will be awarded accordingly. The supplier's quality submission, which will include social value. The quality and price scores will be added together to identify the most economically advantageous tender.
- 3.19 **Scheme of delegation:** This report seeks approval for the proposed scheme of delegation. The award of contracts called off under the DPS's shall be approved in accordance with the Council's Scheme of Financial Delegations as follows:

**Fig. 6 DPS Scheme of Delegation**

<b>5<sup>th</sup> Tier</b>	<b>4<sup>th</sup> Tier</b>	<b>3<sup>rd</sup> Tier</b>	<b>2<sup>nd</sup> Tier</b>	<b>1<sup>st</sup> Tier</b>
Fifth tier manager who line manage	Fourth tier manager	Head of Service	Director	Executive Director
£1,000 Commitment form via SWIFT for individual clients	£10,000 Commitment form via SWIFT for individual clients	£100,000 Commitment form via SWIFT for individual clients. Or order form for a block order	£500,000 Commitment form via SWIFT for individual clients. Or Order form for a block order	£1,000,000 Order form for a block order

- 3.20 The estimated annual value of the contract award and placements will be used to determine the level/tier of the financial delegation. Amounts above £1,000,000 can only be approved by the Chief Executive and the Director of Finance or by ELT. These levels of financial delegation will be sufficient for the DPS's, as a large volume of call offs will either fall within the £100,000 -

£500,000 band or between £500,000 and £1,000,000. This procedure is consistent with the current award process for the Adults IFA and the Children's call off arrangements. The annual value of an individual call-off will be used to determine the tier of delegation.

- 3.21 **Reporting:** Six monthly reports will be produced for Cabinet as part of the Investing in Our Borough (IIOB) report for the life of the DPS's, detailing the call offs from the DPS and also the providers which have joined the system. This will review the overall financial impact of the call off process for the DPS's in consultation with the Cabinet Member for Health and Social Care, Cabinet Member for Gateway and Cabinet Member for Families Children, Families and Learning, and the Cabinet Member for Finance and Resources. Monthly updates will be provided for the Executive Director of Health, Wellbeing and Adults.

### **Contract Management**

- 3.22 Quality will be assessed through service delivery, such as number of defaults and complaints. This information will be collected Commissioning and Procurement quarterly. Each supplier will be assessed against the contract KPIs and a percentage score based on contract performance calculated.
- 3.23 All providers on the DPS's will be held accountable for their **Social Value** progress throughout the contract term.
- 3.24 **London Living Wage** is also a requirement for services provided within Croydon and this is included in the tender rates where appropriate. Tenderers have to take this into account when submitting prices on the DPS for all services tendered for. The successful Providers are also obliged to provide management information to assist the Council with monitoring the impact of the LLW.

## **4 CONSULTATION**

- 4.1 **Suppliers:** For DPS 3 the Project Team spent time specifically engaging with the social care market before and during the application window. Several market warming events were held earlier in the year and two market briefings were held at the Croydon Conference Centre on Monday 7th and Wednesday 9th October 2019. Over 150 organisations attended the conferences. Supplier engagement events have also taken place for DPS (100 suppliers attended) and DPS 2 (90 suppliers attended).
- 4.2 **VCSE:** The procurement opportunity will be open to VCSE groups to work as a direct suppliers and with main suppliers as a partner or sub-contractor.
- 4.3 **Partners:** Prospective partners from across Croydon Council and One Croydon Alliance have been involved and consulted. The partners will have open access to the new DPS's and will be able to commission services. The partners include the Croydon One Alliance, the CCG, and SLAM.
- 4.4 **Stakeholders:** Some service users have been consulted over the last 12 months by commissioning and brokerage teams. It will be ensured that

service users to receive services commissioned through the DPS understand the process and have their preferences accommodated where possible.

## **5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 The Council currently spends in excess of £85m every year in financial support to the Adult and Young Peoples Social Care and Supported Living Services against a budget of £73m. Expenditure will be procured through the three DPS's via mini competition and individual call-offs.
- 5.2 Based on previous years, there is expected to be a financial pressure on this activity in 2019/20. Overspends in 2019/20 will be managed in year through identifying savings, of which some have been agreed during the departmental Autumn Sprints in Nov 2019. Following the establishment of the DPS for Health and Social Care, from 2020/21 onwards, there is an expectation that this pressure will continue to be managed through a combination of better contract monitoring and control of expenditure, and where required finding alternative savings or securing growth for expenditure through the medium term financial strategy. The council budget for 2020/21 is not yet finalized, although the anticipated spending pressure on areas in scope has been flagged.
- 5.3 Fig. 8 highlights the other budget areas calling-off the three DPS's. Young People's accommodation services (DPS 3, Lot 3) and Supported Housing (DPS 3, Lot 2) currently comes out of Children's Services and Gateway budgets respectively. Nursing Care will include contributions from NHS Croydon Clinical Commissioning Group (CCG). The CCG may choose to commission its own nursing care and respite services using DPS 2 also. The majority of the spend is in Health, Wellbeing and Adults budgets.

**Fig. 8 Actual Adults Social Care Spend against by DPS Lots in 2018/19:**

<b>DPS and Lots:</b>	<b>Council Expenditure 2018/19 HWA unless stated</b>
<b>DPS 1</b>	
Lot 1: Domiciliary Care	20,648
Lot 2: Active Lives and Day Care	1,957
Lot 3: Outreach Services	TBC
<b>DPS 2</b>	
Lot 1: Residential Care	34,898
Lot 2: Nursing Care	12,973 (plus CCG)
Lot 3: Private Hospitals	Tbc (CCG if agreed)
Lot 4: Respite Care	201 (plus CCG)
<b>DPS 3</b>	
Lot 1: Supported Living	10,354
Lot 2: Supported Housing	3,900 (Gateway)
Lot 3: Young People	Tbc (Children's Services)
Lot 4: Floating Support	160
<b>TOTAL</b>	<b>84,731</b>

### **The effect of the decision**

- 5.4 **Competition on price** - The DPS's are an effective procurement system to call-off significant volumes of care. Currently spot purchase is used frequently across these service areas where, aside from regulatory reports and some monitoring, there is insufficient information on the quality of the services. All services through the DPS will have passed a quality threshold. Furthermore provider costs will be built into the DPS rather than providers naming their price. The use of mini-competition allows for further submissions on quality and revised pricing.
- 5.5 **Medium Term Financial Strategy** – Notwithstanding the price competition outlined above enabling service commissioned to be value for money, the DPS's support the revised Medium Term Financial Strategy through ensuring sufficient capacity of supported living, supported housing and home care to keep residents away or step-them down from more institutional residential and nursing care. The spend on residential care should reduce with Extra Care and supported living seen as more independence maintaining options.

### **London Living Wage**

- 5.6 As a LLW borough, all applicable contracts will include the requirement to pay the LLW. This is an important investment in the social care workforce which should result in increased productivity. LLW will apply to all new Supported Living and Housing Related Support contracts called off from the DPS for services in Croydon. The impact of the LLW on new contracts will be gradual and will apply to new service users, as many existing placements are long term contracts. Cost implications are about £20,000 for new placements in Year 1 in Supported Living. For new Housing Related Support contracts called off from the DPS for services in Croydon there will be volume contracts with the providers. Cost implications are about £100,000 in year one but this could be reduced by mini-competition.

### **Other Risks**

- 5.7 **Not committed spend** - Spend through the DPS is not committed spend as the commitment only applies to the quantities required for each call off or mini competition. This means that if the budget were to increase or decrease in the future, the required volumes could easily change year on year to reflect this. The focus will be on prevention and re-ablement to help service users live more independently thereby reducing the dependency on more expensive and traditional methods of providing care (spend in DPS 2). Monitoring of spend via the DPS's will be robust with a six monthly report to CCB and more frequent reporting the Executive Director Health, Wellbeing and Adults.
- 5.8 **Partner usage** – The CCG and SLaM may use the DPS's. Participating organisations will need to sign an Access Agreement to use the DPS's.
- 5.9 **Commissioning outside DPS** - There is a risk that all partners of the integrated procurement hub do not purchase services via the DPS. This will

be mitigated by engaging with the partner local authorities to gain their buy-in to the specifications and awarding methodology.

- 5.10 **Staff resources** – Setting up three DPS's is a resource intensive process. The bid evaluation to ensure only quality providers join the DPS has and will place a heavy demand on council staff time. Longer term staff implications of managing any new applications to join the DPS's and the continual brokerage and contract management functions will be managed within the newly restructured Adults, Health and Integration team in Commissioning and Procurement.

### **Options**

- 5.11 Options were considered as part of the RP1 Make or Buy report agreed by CCB in 2018. Using the DPS enables more frequent refreshing of the bidder base and prices, to better match the dynamics in the supplier market and gain the continual value improvements.

### **Future savings/efficiencies**

- 5.12 It is not anticipated that the DPS's collectively will make savings as there will be cost pressure on existing services joining the DPS that do not currently stipulate LLW. As vulnerable residents' needs will become more complex, the DPS will seek to ensure a variety of independence maintaining/enhancing options through DPS 1 and 3. The DPS's will provide a flexible solution through mini-competition to the commissioning and procurement of services that can be managed to contain expenditure within approved budgets.

**Approved by: Josephine Lyseight, Head of Finance, on behalf of the Director of Finance, Investment & Risk.**

## **6 LEGAL CONSIDERATIONS**

- 6.1 The Director of Law and Governance comments that the legal considerations are as set out in this report.

**Approved by Sonia Likhari on behalf of Sean Murphy, Director of Law and Governance.**

## **7 HUMAN RESOURCES IMPACT**

- 7.1 There are no direct Human Resources implications arising from this report for Croydon Council employees. Nonetheless, this procurement strategy could result in service provision changes, as services are called off from the DPS's and new contracts are award, which may invoke the effects of TUPE (Transfer of Undertakings (Protection of Employment) 2006 Legislation, amended 2014). The application of TUPE will be determined by the incumbent and the new service providers, for which the Council is the client. On that basis, the role of the Council would usually extend no further than facilitating the process.



## **For Publication**

- 7.2 Paying LLW rates where applicable will be a contractual requirement of the DPS approach. National Living Wage, as set by Living Wage Foundation, will apply to contracts in other parts of the country.

**Approved by: Debbie Callister, Head of HR for Health, Wellbeing and Adults, on behalf of the Director of HR**

## **8 EQUALITIES IMPACT**

- 8.1 An Equalities Analysis has been completed by the e-market place implementation team to ascertain any potential impact on protected groups in relation to the creation of DPS to supply services. This was approved by CCB in 2018.
- 8.2 The services positively promotes equalities across all groups with protected characteristics. The provision of personal care services promotes independence, improves quality of life.

**Approved by: Yvonne Okiyo, Equalities Manager**

## **9 ENVIRONMENTAL IMPACT**

- 9.1 There are no adverse environmental impacts to the report.

## **10 CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no adverse implications for crime and disorder arising from this report. There are however, positive implications by supporting homeless people and people with mental health problems, drug and alcohol abuse, etc.

## **11 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 11.1 The procurement carried out has been compliant with the approved procurement strategy, the Council's Tenders and Contracts Regulations and the Procurement Contracts Regulations 2015. The DPS offers an end to end process for commissioning and award of a range of services for adults and young people.

## **12 OPTIONS CONSIDERED AND REJECTED**

- 12.1 An Options Appraisal was considered as part of the RP1 (Make or Buy) report, which has been agreed by CCB. The establishment of DPS 1 - 3 ensures that the Council and other authorities within the Integrated Procurement Hub are getting the best possible value for money in relation to the purchase of personal care services. Procuring outside of the DPS would not enable the Council and the Integrated Procurement Hub to achieve the savings detailed within this paper.

- 12.2 The establishment of a Framework similar to the previous IFA. A framework is considered in this case to be too restrictive as the maximum term is limited to 4 years maximum. New suppliers cannot be added to the framework of approved suppliers unless the framework is refreshed.
- 12.3 Without a DPS or Framework, the Council would have to advertise and tender all services every time a new service is required. The process is very inefficient and time consuming, requiring extra staff.
- 12.4 Spot purchasing services as and when required – this approach is considered to be non-compliant with the Council's financial regulations and EU Procurement legislation.

### **13 DATA PROTECTION IMPLICATIONS**

#### **13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

**YES** - The first (current) stage of the establishment of the DPS's for Adults and Social Care services does not involve the processing of personal data about service users. However, all providers have been asked to confirm that they comply with current GDPR legislation as well as providing their data protection policies and procedures. This has been evaluated for all providers (as a pass/fail question in the Selection Questionnaire).

In the second call off stage any Approved Providers who are awarded a contract or placement, will process some personal data on behalf the residents and the Council namely identity data, some financial data and health and care data.

#### **13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

**IN PROGRESS** - A Data Protection Impact Assessment is being undertaken for the second call off stage. Additionally as part of contract mobilisation further work will be undertaken on the Assessment with the approved providers who are awarded contracts from the DPS who will process and or hold some data on behalf of the Council and residents. For example, the Council in some cases the Council will need to create a three-way data sharing agreement with the preferred provider and Croydon CCG.

Approved by: Guy Van Dichele, Executive Director of Health, Wellbeing and Adults

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**CONTACT OFFICER:**

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<b>Email:</b>	<a href="mailto:John.Smith@croydon.gov.uk">John.Smith@croydon.gov.uk</a>

**BACKGROUND DOCUMENTS:** None

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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<b>REPORT TO:</b>	<b>Cabinet Member for Children, Young People and Learning</b>
<b>SUBJECT:</b>	<b>Passenger Transport In House Service – Vehicle Award</b>
<b>LEAD OFFICER:</b>	<b>Shifa Mustafa, Place, Executive Director</b> <b>Steve Iles, Public Realm, Director</b>
<b>CABINET MEMBER:</b>	<b>Cllr Flemming, Cabinet Member for Children, Young People and Learning</b> <b>Cllr Hall, Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>All</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</b></p> <p>The delivery of a high quality Passenger Transport service has a positive impact on the outcomes of children, young people and vulnerable adults. It contributes to the following corporate objective:</p> <ul style="list-style-type: none"> <li>• Growth: To enable people of all ages to reach their potential through access to quality schools and learning</li> </ul> <p>It also reflects the following priorities within the Community Strategy 2016-2021:</p> <ul style="list-style-type: none"> <li>• To support individuals and families with complex needs</li> <li>• To deliver better education and the opportunity for everyone to reach their full potential</li> </ul>	
<p><b>FORWARD PLAN KEY DECISION REFERENCE NO.: 0720CYPL</b></p> <p>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 &amp; Overview Committee by the requisite number of Councillors</p>	
<p><b>FINANCIAL IMPACT</b></p> <p>The financial impact of this award is detailed in Part B for the purchase of 15 vehicles. There is a capital budget of £1,460,000 in the 2020/2021 capital budget to cover this.</p>	

The Leader of the Council has delegated to the Cabinet Member for Children, Young People and Learning the power to make the decisions set out in the recommendations below

## **1. RECOMMENDATIONS**

- 1.1 The Cabinet Member for Children, Young People and Learning in consultation with the Cabinet Member for Cabinet Member for Finance and Resources is recommended by the Contracts and Commissioning Board to approve the award in accordance with Regulation 28.4(c) of the Council’s Contracts and Tenders Regulations to the Supplier named in Part B of this report for the purchase of 15

vehicles for a maximum contract value detailed in Part B. There is a capital budget of £1,460,000 in the 2020/2021 capital budget to cover this.
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## **2. EXECUTIVE SUMMARY**

2.1 The Council provides home-to-school travel support for children and young people with Special Education Needs and/or Disabilities (SEND), and home-to-care provision travel support for vulnerable adults, in accordance with its statutory obligations and published eligibility policies. Travel support takes many forms, including the provision of independent travel training to enable clients to travel independently on public transport, and personal travel budgets and direct payments to enable clients to make their own travel arrangements. Nevertheless, the direct provision of passenger transport is still the most common provision for eligible clients. The outcomes the service are trying to achieve are as follows:

- A quality transport service for all clients
- Transport which meet the clients' needs, no matter how complex
- A service which works within the Council's budgetary restraints
- An increase in clients becoming independent

2.2 The Council want to fulfil their statutory responsibility to provide free transport for all eligible pupils of compulsory school age and make transport arrangements for children with special educational needs.

2.3 The procurement strategy for the purchase of the in house vehicles was approved by CCB on 10<sup>th</sup> February 2020 re CCB1553/19-20. There has been no deviation from the CCB approved strategy, no new significant risks have been identified since the procurement strategy was approved, and there is an available budget.

2.4 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1562/19-20	20/03/2020

## **3. DETAIL**

3.1 The procurement process was run as a mini competition on The Procurement Partnership Ltd (TPPL) Framework BNES Lot 6. The mini-competition opportunity was advertised on the London Tenders Portal. The evaluation split was 30% quality and 70% cost as stated in the TPPL T&Cs.

The evaluation was split into:

- Vehicle Delivery timetable – how will a company mitigate against late delivery



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- Quality Standards
- Warranty
- Social Value

3.2 The suppliers on the framework are:

- Treka Bus
- Mellor Coachcraft
- Cannon Bus
- Nu-Track
- Optare Group

3.3 The tender closed on 21<sup>st</sup> February 2020. 2 suppliers on the framework responded to the tender. The tenders were evaluated by the Head of Independent Travel Service, Operational Supervisor and Fleet Supervisor. Moderation took place on 26<sup>th</sup> February 2020, chaired by the Category Manager – Environment.

3.4 The breakdown of quality and price; is 30% and 70%. The combined scores of price and quality give the total score for each tenderer (in the table below). The winning provider, Supplier A received an overall total score of 92%.

	Supplier A	Supplier B
<b>QUALITY (30%)</b>	22%	19%
<b>PRICE (70%)</b>	70%	69.3%
<b>TOTAL</b>	<b>92%</b>	<b>88.3%</b>

## 4. CONSULTATION

4.1 There was no consultation for this decision as it is a fleet replacement and there is no change to the service.

## 5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

### 5.1 Revenue and Capital consequences of report recommendations

Budget detail and table are show in Part B of this report.

### 5.2 The effect of the decision

The effect of the decision amount to a total spend detailed in Part B from the capital budget in 2020/21. There is a capital budget of £1,460,000 in the 2020/2021 capital budget to cover this.

### 5.3 Risks

The main risk around this project is that the vehicles are not delivered on time, for the service to start in September as it is a statutory service.

### 5.4 Options

The options are detailed below (Section 12).

**5.5 Future savings/efficiencies**

There will be ongoing revenue implications relating to the maintenance of these vehicles and the cost will need to be met from existing budgets. There is financial pressure on the SEN Transport budget, although growth has been provided which should mitigate this.

Approved by Felicia Wright, Head of Finance Place

**6. LEGAL CONSIDERATIONS**

**6.1** There are no additional legal considerations directly arising from this report

Approved by Sonia Likhari, Lawyer, on behalf of the Director of Law and Governance, and Monitoring Officer.

**7. HUMAN RESOURCES IMPACT**

**7.1** This contract award does not have any HR implications in relation to staffing levels, restructuring/regrading, recruitment, employee relations, or any other human resources matters.

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

**8. EQUALITIES IMPACT**

**8.1** An initial Equalities Analysis has been completed. This found that there will be no negative impact for groups that share protected characteristics. There are no changes to current service, for the service user, as such a full EA will not be required.

**9. ENVIRONMENTAL IMPACT**

**9.1** Vehicles must be brand new and would have to Euro 6 at least. The Council considered a hybrid version of this vehicle, but it is not offered by the manufacturers in this market currently. The Council would consider moving towards a hybrid/electric version of this vehicle type as the technology becomes more widely available and established. This may lead to replacement of these vehicle types during their serviceable life (if such cleaner engine technologies came to market during this period).

**9.2** It is considered that the technology to offer hybrid/electric vehicles on these vehicle platforms is still some time off (perhaps 2-3 years) and that it may take further time for these technologies to be fully embedded resulting in robust on-

road availability figures (perhaps a further 2 years).

- 9.3 The move away from Internal Combustion Engine (ICE) vehicles is detailed within the Council's Air Quality Action Plan and targets for Hybrid/Electric vehicles are set out within it.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no crime and disorder impacts related to this procurement.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 11.1 The Council has a statutory requirement to provide home-to-school travel support for children and young people with Special Education Needs and/or Disabilities (SEND). The Council, in accordance with its policy, needs to provide home-to care provision travel support for vulnerable adults. Without the in-house service vehicles, these services would be unable to be provided to the clients.

## **12. OPTIONS CONSIDERED AND REJECTED**

- 12.1 The following options have been considered:
- Do Nothing – this is a statutory service so there is no option to do nothing.
  - Open Procurement – there are already national frameworks in existence which save the Council time and money to procure through.
  - Use a framework – this is the preferred option as it give the Council the best value for money.

## **13. DATA PROTECTION IMPLICATIONS**

### **13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

### **13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

Approved by: Steve Iles, Director of Public Realm

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**CONTACT OFFICER:** Daniel Shepherd, Head of the Independent Travel Service

**For Publication**

**BACKGROUND DOCUMENTS:** None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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<b>REPORT TO:</b>	<b>Cabinet Member for Finances and Resources</b>
<b>SUBJECT:</b>	<b>Pool Car (Car Club) Service Contract Award</b>
<b>LEAD OFFICER:</b>	<b>Shifa Mustafa ,Executive Director – Place Ozay Ali, Interim Director of Homes &amp; Social Investment</b>
<b>CABINET MEMBER:</b>	<b>Councillor Hall, Cabinet Member for Finances and Resources</b>
<b>WARDS:</b>	<b>All</b>

### **CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON**

The delivery of a high quality Pool Car Club has a positive impact on staff members and residents alike. The provision of this services meets the following priorities:

#### **GROWTH:**

Creating growth in our economy

- An excellent transport network that is safe, reliable and accessible to all

Improve the transport network across the borough, providing genuine alternatives to the private car/taxis, and strengthening links with Gatwick airport.

#### **IMPROVED AIR QUALITY:**

- A Cleaner and More Sustainable Environment in accordance with the Air Quality Action Plan 2017-2022.

The council's adoption of pool cars has already reduced the impact of business travel on air quality and carbon dioxide emissions. This has been achieved through reduced mileage and improved vehicle efficiencies. The future service provision will provide a greater proportion of electric vehicles. This proportion will increase to 100% as the necessary electric charging infrastructure is installed. The Council's air quality action plan (AQAP) core aim is to move towards more environmental sustainable vehicles, so the longer term procurement strategy is a key action within the AQAP.

### **FINANCIAL IMPACT**

The pool car service contract 3 years with the option to extend 1 + 1 + 1 (a maximum 6 year term).

Following a soft market test the pre-tender estimate has been revised down from £334,000 to £207,000.

The existing budget for the Croydon Pool Car Service is £210,000 and this estimate is projected to be sufficient for the new service due in June 2020 without growth in Revenue.

**FORWARD PLAN KEY DECISION REFERENCE NO.: 1320FR**

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.

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

## **1. RECOMMENDATIONS**

- 1.1 The Nominated Cabinet Member for Finance and Resources is recommended by the Contracts and Commissioning Board to approve the award of a contract for the Croydon Pool Car (Car Club) Service to the provider named in the Part B report for a contract term of 3 years, with the option to extend 1+1+1 years, and for a maximum contract value detailed in Part B.

## **2. EXECUTIVE SUMMARY**

- 2.1 The Pool Car service provides the council a greener approach and continues to provide the following for its officers and residents:
- A quality essential travel service for Council staff
  - A service which works within the Council's budgetary restraints
  - A green car pool service, moving from hybrids to a fully electric fleet within the contract term.
- 2.2 The service was set up to lower the number of essential car users with staff, which lowered costs for the Council and helped with the green agenda for the borough.
- 2.3 The Council needs a flexible service that works for the officer's business needs. Over the last 8 years, the service has enabled positive operational management and has built a successful scheme for staff and residents.
- 2.4 Croydon Council Pool Car Service with Plugin Hybrid Electric Vehicles fits within existing Croydon Pool Car budget of £210,000. Croydon Council have tendered for a 3 year contract with an option to extend for a further 1+1+1 years for the supply of 23 Hybrid/Plug-in Hybrid Electric Vehicles (PHEV) for hire (i.e. pool cars).
- 2.5 The Council are looking to move to a fully electric fleet for the Pool Car service. As the EVCPs are not in place yet, the procurement is for Hybrid/Plug-in Hybrid Electric Vehicles (PHEV) with the option to switch in fully electric cars in the future. There are 23 vehicles in total. 22 vehicles for council staff during the hours of 8am to 6pm and 1 vehicle provided for 24/7.
- 2.6 The EVCP procurement was put on hold due to the growth bid process. It is also now delayed by Covid-19 as none of the providers in the market will be installing points for the foreseeable future.



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- 2.7 The procurement strategy for this report is to continue to provide an essential travel service (pool car club) for staff and residents. This was presented to CCB on CCB1267/17-18 (14/09/17). There are no changes to the strategy of this report.
- 2.8 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1568/20-21	14/04/2020

### 3. DETAIL

- 3.1 The procurement process was an open competition in accordance with the Public Contract Regulations 2015. This tender opportunity was advertised on the London Tenders Portal. In accordance with the regulations, an OJEU notice and tender documents were issued to market on 15<sup>th</sup> January 2020 with a respond date of 6<sup>th</sup> March 2020 and 4 providers responded.
- 3.2 The ITT stage deadline was extended from 18<sup>th</sup> February 2020 to 6<sup>th</sup> March 2020 to allow tenderers sufficient time to respond following published clarification responses.
- 3.3 The scoring mechanism was weighted in line the current Tender and Contract Regulations (60% Quality, 40% Cost). The suppliers were ranked by their total score with the highest ranked supplier being the preferred supplier.
- 3.4 The qualitative criteria consisted of 6 questions relating to the tenderers' technical and professional abilities and a social value method statement.
- 3.5 The tender closed on 6<sup>th</sup> March 2020. 4 suppliers responded to the tender. The tender responses were evaluated by the Interim Head of Corporate Facilities, Facilities Management and Support Services, Facilities Operations Manager and Workplace Facilities Officer. Moderation took place on 18<sup>th</sup> March 2020, chaired by the Category Manager – Environment.
- 3.6 The breakdown of quality and cost; is 60% and 40%. The combined scores of price and quality give the total score for each tenderer (in the table below). The winning provider, Provider A received an overall total score of 87%.

	Provider B	Provider C	Provider D	Provider A
QUALITY (60%)	40	47	46	47
PRICE (40%)	24.9	23	22	40
TOTAL	64.9	70	68	87

#### 4. CONSULTATION

4.1 There was no consultation for this decision as there are no changes to the service.

#### 5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

##### 5.1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
<b>Revenue Budget available</b>	210	210	210	210
Expenditure				
Income				
<b>Effect of decision from report</b>				
Expenditure	Detailed in			
Income	Part B			
<b>Remaining</b>				
<b>Capital Budget available</b>				
Expenditure				
<b>Effect of decision from report</b>				
Expenditure				
<b>Remaining</b>				

##### 5.2 The effect of the decision

The effect of the decision is a revenue spend detailed in Part B against the core schedule of rates, which fits in with the existing service budget. The budget for the service is £210,000 a year. The service cost is based on usage, so the current budget allows for the variable costs of usage and additional users of the scheme across the year.

##### 5.3 Risks

Risk	Potential impact	Detail
Costs for the new contract are higher than allocated budget.	Medium	Pre-market engagement has taken place to ensure an informed budget is allocated.
Delayed or lack of capital investment to install support EVCP (Electric Vehicle Charging Points)	High	Unable to use and operate partial/fully electric vehicle fleet to provide low/zero emissions. Reduced improvement of local air quality targets.

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Short Mobilisation period with no tolerance for delays in award and contract engrossment.	Medium	Short period to transition from current supplier to new supplier, including the exchange of vehicles and user DVLA checks.
Financial standing of the Contractor is inadequate to meet the needs of the programme of service.	The Contractor has inadequate financial standing and is unable to 'finance' the supply chain resulting in poor provision of materials and replacement parts-risk of the Contractors failing and entering 'administration' or similar.	Financial standing of the Council's partners are regularly checked on an annual basis with the publication of their yearly accounts.
Impact of trading with EU post Brexit environment	Low	Suppliers are redistributing existing fleets to provide service to Croydon Council and suppliers have built within their own business plans the impact of trading with EU.

### 5.4 Options

The options are detailed below (Section 12).

### 5.5 Future savings/efficiencies

Overall performance and costs will be reviewed annually to allow the option to benchmark in advance of the contract extensions (1+1+1 years).

Further potential for savings through the reduction of "Staff Essential Car users" in the costs of payments to staff (supplement and mileage) and any associated parking costs on other departmental budgets. This could be achieved by transitioning more staff onto the Pool Car Service. This also improves the potential to reduce emissions from older staff vehicles onto low/zero emission pool cars.

Approved by Felicia Wright, Head of Finance - Place

## 6. LEGAL CONSIDERATIONS

6.1 There are no additional legal considerations directly arising from this report

6.2 Approved by Sonia Likhari on behalf of the Director of Law and Governance & Monitoring Officer

## 7. HUMAN RESOURCES IMPACT

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- 7.1 There are no considerations in relation to staffing levels, restructuring/regrading, recruitment, employee relations, the Council's personnel policies or other human resources matter.

Approved by: Jennifer Sanker on behalf of the Director of Human Resources

## **8. EQUALITIES IMPACT**

- 8.1 An Equality Analysis has not been undertaken because the practice is not relevant to equality. There are no known equalities matters arising from the recommendation to continue with this model of delivery.

Approved by Yvonne Okiyo, Equalities Manager

## **9. ENVIRONMENTAL IMPACT**

- 9.1 All vehicles are required to be minimum Euro VI emissions compliant. This will ensure the emissions from the vehicles are reduced and journeys will be optimised to reduce work travel patterns.
- 9.2 The service specification document requires that the successful tenderer holds ISO 14001 Environment Management Systems or equivalent standard.
- 9.3 The council is procuring for hybrid vehicles phasing over to full electric within the contract period

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no crime and disorder impacts related to this procurement.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 11.1 The recommended solution will offer the greatest value for money over the course of the contract, the new pool car service will continue to offer an excellent travel service to the LBCs residents and officers. The supplier was able to meet a greater number of the requirements specified in the invitation to tender and was able to provide more detailed answers which gives assurances that the attention to detail from this supplier will deliver the product the Council needs and this is reflected in the pricing for the project.

## **12. OPTIONS CONSIDERED AND REJECTED**

- 12.1 Other options for the service were discussed in the CCB strategy paper, 14<sup>th</sup> September 2017.
- 12.2 **Option 1** – Extend the Current Contract - Material change under Regulation 72 PCR 2015 – risk of challenge and damages being sought from aggrieved bidders.
- 12.3 **Option 2** – Bring the service in-house. This option is 124% more expensive and would need considerable time to in-source
- 12.4 **Option 3** – use an existing framework – as this will be a short term contract (12-24 months) to fill a gap whilst the electric charging infrastructure is put in place. It will reduce timescales and costs.
- 12.5 **Option 4** – go out to tender – this will take time and money to go through a tender process. However, due to the council's commitment to meet its AQAP targets this is the preferred option. When the charging infrastructure is put in place, it allows for the Council to move to a fully electric fleet within the contract period.
- 12.6 **Option 5** – Do nothing - The current contract will expire on 31<sup>st</sup> March 2019 therefore the Council needs a new competitive and compliant solution.

## **13. DATA PROTECTION IMPLICATIONS**

### **13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

#### **YES**

The successful tenderer will be considered the data controller for this contract and will be responsible for handling the personal data on the LBC's officers and residents. The following data will be required for any user who signs up to use this service:

Full name and address

DOB

Proof of Identity

Contact Information

Disabilities (If any)

Licence Details

Billing Information

### **13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

#### **NO**

The DPIA is not required as the only data the council will be sharing with provider will be the name of the employee. The employee would then be entering into their own agreement with the provider to contact DVLA or other organisations and therefore consent is provided by the employee directly to the

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provider, making the 'provider' the 'data controller'. We have consulted with the information management team and it has been agreed that a DPIA is not needed for this procurement

Approved by: Ozay Ali, Interim Director of Homes & Social Investment

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**CONTACT OFFICER:** Shelley Williams, Interim Head of Corporate  
Facilities Management

**BACKGROUND DOCUMENTS:** None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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<b>REPORT TO:</b>	<b>CABINET MEMBER FOR FINANCE &amp; RESOURCES</b>
<b>SUBJECT:</b>	<b>Housing IT System Contract Extension (OHMS)</b>
<b>LEAD OFFICER:</b>	<b>Julia Pitt</b> <b>Director of Gateway Services</b>
<b>CABINET MEMBER:</b>	<b>Councillor Simon Hall</b> <b>Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</b> The recommendations within this report contribute to the 2018 – 2022 Corporate Plan Operating Model themes below: <ul style="list-style-type: none"> <li>• Good, decent homes affordable to all.</li> <li>• Everyone feels safer in their street neighbourhood and home.</li> <li>• People live long, healthy, happy and independent lives.</li> <li>• A cleaner and more sustainable environment.</li> </ul>	
<b>FINANCIAL IMPACT</b> The proposed extension for the OHMS system will be for one year until 31 March 2021 for a sum of £129,153. The extension of the current contract will be funded from the existing revenue held within the ICT and Place Departments.	
<b>KEY DECISION REFERENCE NO.: N/A</b>	

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. RECOMMENDATIONS

The Cabinet Member for Finance & Resources, in consultation with the Leader of the Council, is recommended by the Contracts and Commissioning Board to:

- 1.1 Approve the contract variation of the OHMS Housing Management IT System provided by Northgate Public Services Limited, to enable an extension of the contract for a contract term of one year until 31 March 2021 for an additional cost of £129,153, in accordance with Regulation 30 of the Council's Contracts and Tenders Regulations resulting in an aggregate value of £626,831.
- 1.2 To note that the Director of Commissioning and Procurement has approved a waiver under Regulation 19 of the Tenders and Contracts Regulations against the requirement under Regulation 11.3.1 for the reasons set out in paragraph 3.7

## **2. EXECUTIVE SUMMARY**

- 2.1 A new Housing Management IT system is being procured, with a target date to become operational by 31 March 2021. In the meantime, the existing legacy system, OHMS from Northgate Public Services Limited, will continue to be required.
- 2.2 A variation to extend the term of the OHMS system support and maintenance agreement is required to ensure that the system is supported until the new system is procured and implemented.
- 2.3 The existing contract will expire on 30 March 2020.
- 2.4 The content of this report has been endorsed by the Contracts and Commissioning Board.

<b>CCB ref. number</b>	<b>CCB Approval Date</b>
<b>CCB1567/20-21</b>	<b>14/04/2020</b>

## **3. DETAIL**

### **Background**

- 3.1 The alignment of service system solution contracts across the People and Place departments and the procurement of new system solutions for the service areas as detailed will provide the Council with opportunities that will help improve the way it operates including:
- greater integration of systems;
  - efficiencies;
  - enable data to be used in a way that will help the Council align repairs and planned maintenance programmes;
  - consider the needs of the whole family – working towards a Single View of the customer/family and
  - improve data analytics to inform future service strategies and solutions.
- 3.2 Time therefore is needed to conduct the above activities and allow for the specification, procurement and implementation of systems to match these new requirements. The procurement exercise for a new Housing Management system has commenced.
- 3.3 Software for the current solution was purchased with perpetual licences giving the Council ongoing rights to use the software. Support and maintenance was also procured as part of the software purchase and has historically been renewed year on year.
- 3.4 The Housing contract with Northgate commenced in 2015 for a term of 2 years from 1 April 2015 to 31 March 2017 and the original contract value was £194,000. An

extension and variation for a term of 2 years was awarded at a value of £195,005 to an aggregate value of £389,005 (CCB1207/16-17). Both extensions have been implemented. A further one year extension to 2020 was awarded by CCB reference 1330/17-18 for a further value of £108,677.63.

- 3.5 The new extension of one year from 1 April 2020 to 31 March 2021 requested by this report will increase the contract value by a further £129,153 to a total contract value of £626,835.
- 3.6 The proposed variation is contrary to the requirements of Regulations 72.1(b) and 72.9 of the Public Contracts Regulations, which require a procurement procedure to be undertaken if a proposed variation does not fall within any of the criteria set out in this Regulation. A waiver against this requirement has been requested since the risk of any procurement challenge is considered to be low, in light of the fact that the extension is only required to allow the time for a smooth transition to the new ICT system which is being procured through an EU Restricted Tender procedure and has given suppliers the opportunity to tender for the new system.
- 3.7 Strategic contract management will be led by the relevant Directors with oversight and guidance from the Commissioning and Procurement and the category manager.
- 3.8 Account performance reviews will be held with the supplier and a contract board established with membership from both departments, Croydon Digital Service and Procurement.

## **4. CONSULTATION**

- 4.1 A survey of system users and other stakeholder's views on existing services and future expectations has been carried out and stakeholders have been fully involved in all aspects of procurement and will continue as part of on-going performance management.
- 4.2 The following have been consulted:
  - Head of Service Development, Housing Needs
  - Manager, Asset Management
  - Director of Gateway
  - ICT Systems Procurement Programme Board
  - Performance management
  - Finance Manager, Resources
  - Business Systems
  - Information Management
  - Croydon Digital Service

## **5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 This contract is currently funded from revenue budgets held corporately by the ICT department. This forms part of a central budget of £1m that is used to fund

the on-going costs of a range of the council's smaller local systems. The total estimated cost per annum is £129,153.

5.2 The estimated individual costs are based on the current costs below:

**5.3 Revenue and Capital consequences of report recommendations**

	Current year	Medium Term Financial Strategy – 3 year forecast	
	2018/19	2019/20	2020/21
	£'000	£'000	£'000
<b>Revenue Budget available</b>			
Expenditure			
Income	130	130	130
<b>Effect of decision from report</b>			
Expenditure	130		
Income			
<b>Remaining budget</b>	<u>0</u>	<u>130</u>	<u>130</u>
<b>Capital Budget available</b>			
Expenditure			
<b>Effect of decision from report</b>			
Expenditure	0	0	0
<b>Remaining budget</b>	<u>0</u>	<u>0</u>	<u>0</u>

**5.4 The effect of the decision**

The implementation of this strategy will commit the Council to a 1 year contract extension at an estimated cost of £129,153 which will be met from existing budget.

**5.5 Risks**

No.	Risk	Mitigation
1	Supplier looks to increase charges for extension.	Negotiation with Supplier to minimise impact is complete.
2	There is a challenge from another supplier.	Ensure procurement and legal processes are considered. This is a short term measure to ensure sufficient time for procurement and implementation. Engagement with potential suppliers as part of the new procurement, reduces the likelihood of a formal challenge to this extension
3	The implementation is not delivered in time.	Implementation milestones will be part of the contract (post

No.	Risk	Mitigation
		procurement and contract clarification period) and therefore will work as contractual requirements
4	Lack of funding to progress activities needed to achieve key dates	Outline resource profile developed. Business Case approved which included resources identified. Once the successful bidder has been confirmed, the assumptions in the business case can be reviewed

#### **5.6 Options**

No other options were considered as the variation and extension is required to ensure there is sufficient time to finalise the procurement and implementation of any new system.

#### **5.7 Future savings/efficiencies**

Future savings possible with the introduction of a new ICT system but for the purposes of this report, none identified

Approved by: Flora Osiyemi, Head of Finance Place on behalf of Director of Finance

### **6. LEGAL CONSIDERATIONS**

- 6.1 The Solicitor to the Council comments that the legal considerations are as set out in this report.

Approved by Sean Murphy, Director of Law and Governance and Deputy Monitoring Officer

### **7. HUMAN RESOURCES IMPACT**

- 7.1 There are no direct Human Resources implications arising from this report for Council employees, as it involves the extension to an existing contract. It is likely that there would be workforce implications for the implementation of the new Housing Management system; however, this is a separate matter and would be managed in accordance with the Council normal policies, procedures and practices.

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

### **8. EQUALITIES IMPACT**

- 8.1 An initial Equality Analysis has been completed and a full analysis will be required as part of the commissioning process as per request from the last contract approval. The services will continue to support some of the most vulnerable residents in

Croydon and as such will need to be assessed as fully meeting their needs in terms of customer care and quality of delivery. No discernible impacts identified as a result of this strategy - continuation of existing services.

Approved by Yvonne Okiyo, Equalities Manager

## **9. ENVIRONMENTAL IMPACT**

- 9.1 No discernible impact identified as a result of this strategy - continuation of existing services.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no direct crime and disorder impacts identified as a result of the proposed contract award.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 11.1 The variation for extension is required in order to allow for the re-procurement and implementation of a new Housing Management IT system which after planning and review will take longer than previously thought. This is to ensure the continuation of existing support services which is essential to the Housing Management functions of the Council.
- 11.2 The Housing Management IT system re-procurement has taken longer than originally envisaged due to (a) the re-procurement of Adults & Childrens Social Care systems and Education systems being prioritised over Housing; and (b) expanding the Housing Management system scope to include the previously separate Housing Asset Management system re-procurement.

## **12. OPTIONS CONSIDERED AND REJECTED**

- 12.1 No other feasible options have been identified. To stop using the system at the end of the contract would adversely affect housing and asset management for the Council.

## **13. DATA PROTECTION IMPLICATIONS**

- 13.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

**YES**

Council tenant data including families' carers and other personal data.

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Also, personal data of housing applicants, homeless families, tenants and leaseholders.

Information relates directly to users of the service that have come into contact with housing i.e. name, address, D.O.B, ethnicity, vulnerabilities and disabilities. NI numbers, bank details, income, rent arrears, leasehold and debts etc.

Details of providers (lessors) of private rented accommodation to the council.

### 13.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

YES signed off DPIA attached

The Head of Digital Operations – Croydon Digital Service notes that the recommendations contained in the DPIA will be carried out and monitoring will endure these actions are undertaken. A data processing agreement between the supplier and the council will be entered into.

Approved by: Dave Briggs Head of Digital Operations – Croydon Digital Service

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**CONTACT OFFICER:**

Michael O'Sullivan Business Systems Team  
Manager, Housing and Gateway/CDS.  
Email: O'Sullivan@croydon.gov.uk Ext  
62078

**BACKGROUND DOCUMENT:**

Data Protection Impact Assessment

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**For General Release**

<b>REPORT TO:</b>	<b>Cabinet Member for Finance and Resources</b>
<b>SUBJECT:</b>	<b>Occupational Health Services Contract</b>
<b>LEAD OFFICER:</b>	<b>Susan Moorman, Director of HR</b>
<b>CABINET MEMBER:</b>	<b>Cllr Simon Hall Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>‘All’</b>

**CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON**

**Croydon Council Workforce Strategy alignment:**

The provision of an occupational health service (OH) supports the health, wellbeing and fitness of the Council’s workforce. It aligns with the workforce strategy which is the Council’s promise to staff.

The five priorities below of the workforce strategy are supported by Occupational Health

1. How we attract and keep great people
2. Improving well-being and giving everyone a chance to have their say
3. Improving equality, diversity and inclusion
4. Developing and growing great managers and leaders
5. Developing a high performance, creative and innovative culture

Occupational health services provides staff and managers rapid access to professional specialist advice which helps to protect, maintain and support staff with health issues in the workplace. Managers receive the support they need to manage absence in order to meet goals and objectives. The OH provider recommends adjustments and provides support to the Council to promote an inclusive environment. Supporting employee mental health at work is crucial to enable employers to attract and retain committed employees

**FINANCIAL IMPACT**

The financial impact of this award is detailed in Part B.

Apart from the contract cost there will income from schools and academies that sign up to the contract and from the provider for renting the occupational health suite in BWH.

There is budget available for this contract.

**FORWARD PLAN KEY DECISION REFERENCE NO.:** n/a

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

## **1. RECOMMENDATIONS**

- 1.1 The Cabinet Member for Finance & Resources, in consultation with the Leader, is recommended to approve the award of a Call Off Contract under the Yorkshire Purchasing Organisation (YPO) Framework Agreement for Occupational Health Services for a term of 4 years to the contractor named, and for the contract prices specified, in the associated Part B report.

## **2. EXECUTIVE SUMMARY**

- 2.1 The Council's occupational health service supports managers by providing advice on an individual's fitness to work, helping to prevent ill-health at work and advising when work may be impacting on an employees' health.
- 2.2 The Council's current contract for occupational health services is provided by Medigold Ltd via Havering Council's Framework Agreement and the contract expires on 30<sup>th</sup> April 2020.
- 2.3 This report recommends a contract award to the preferred supplier named in Part B of this report.
- 2.4 The content of this award report has been endorsed by the Contracts and Commissioning Board.

<b>CCB Approval Date</b>	<b>CCB Ref. Number</b>
<b>14/04/2020</b>	<b>CCB1569/20-21</b>

## **3. DETAIL**

- 3.1 The Yorkshire Purchasing Organisation has an Occupational Health and Employee Assistance Programme Framework Agreement ref no 899 which is open to public sector bodies to use. (OJEU Award notice Number 2018/S 145-332105). The framework consists of 2 lots and this report is seeking approval to call off from Lot 1 – Occupational Health and directly award to the supplier named in the part B report
- 3.2 There are 3 providers on Lot 1 and the option to run a mini competition was considered but discounted as the framework allows for a direct award providing the participating customer can demonstrate the preferred provider offers the most economically advantageous offer.
- 3.3 A price comparison between the 3 providers was undertaken based on an employee headcount of 3200, the results of which are Part B of this report.
- 3.4 The Council is able to demonstrate that the preferred provider offers the most

economically advantageous offer as the price comparison demonstrates that they offer the services required at the lowest price.

- 3.5 In accordance with regulation 9.1 of the Tenders and Contracts Regulations, the preferred provider submitted, via the Council's e-tendering portal, a Tender Response Document with answers to a number of quality questions on how they will deliver the services against the Council's specification and they confirmed their prices. The questions were pass/fail and they passed on all questions. The price submitted was as per the framework and the price comparison.
- 3.6 Therefore the Council has assurance that the preferred provider can deliver the services, and as the proposed term is for 4 years price increases will be avoided which allows the Council to budget over the term of the contract.
- 3.7 There is a termination clause in the framework with a notice period of 3 months.
- 3.8 In addition to the Council, the main clients of OH services are, schools and academies.
- 3.9 Schools & academies sign up to an annual SLA for OH Services which begins in April each year. The Council has been receiving, on average, £70,000 income per annum from this SLA over the past 2 years. This is based on a school / academy headcount of 2500. There is an urgency to inform schools about the award of this contract so we can offer the service for 2020 - 21 via an SLA.
- 3.10 Service provided
- Online referrals
  - Triage of referral to allocate to either a Doctor or Nurse and either a face to face or telephone consultation
  - A Doctor and Nurse attend an onsite clinic in BWH at least 4 times a week
  - A report with recommendations is issued to managers in order to manage absence and the health and wellbeing of staff members
  - Vaccinations related to health and safety requirements are provide as are work related surveillance checks such as Driver Medicals
  - Pre-employment health checks for new starters
  - Employees and ex-employees are assessed for access to pensions benefit due to an ill health retirement

#### **4. CONSULTATION**

- 4.1 There are no statutory consultation requirements for this type of system.

### **5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

#### **5.1 Revenue and Capital consequences of report recommendations**

Budget details and financial considerations are in Part B of this report.

## 5.2 The effect of the decision

The Council will enter into a call off contract with the preferred provider for term of 4 years with a maximum value as set out in Part B of this report.

## 5.3 Risks

Risk/ Consideration	Mitigation
We are not able to decrease the demand for referrals. Costs will therefore remain towards the maximum level rather than the minimum levels	<p>There will be quarterly review meetings with the provider to track demand. If the demand is deemed very high then the contract manager will investigate.</p> <p>The contract manager will support managers to make only necessary, comprehensive and robust referrals to reduce costs</p> <p>The new stress management risk assessment should work towards reducing referrals due to work place stress. It is relatively new but once embedded should have a positive effect.</p>
Schools / academies sign an annual SLA for OH services that begins in April each year. The new cost to the schools will need to increase in line with the increased cost. This may lead to a lesser number of school signing up to the service	<p>The contract manager will determine an acceptable cost to maintain the level of income</p> <p>There is a communication plan in place to market the service to schools and academies</p>
Lower income than expected from schools / academies if fewer of them buy the service	Costs are per employee therefore if less schools /academies sign up income will decrease

## 5.4 Options

No other options are being considered.

## 5.5 Future savings/efficiencies

It is proposed to:

- Reduce the demand on the service by supporting managers
- Increase the number of schools that buy the service by effective communication
- Reduce the need for preplacement checks

Approved by: Ian Geary, Head of Finance - Resources

## 6. LEGAL CONSIDERATIONS

6.1 There are no additional legal considerations directly arising from this report.

Approved by Sonia Likhari, on behalf of the Director of Law and Governance, and Monitoring Officer.

## **7. HUMAN RESOURCES IMPACT**

- 7.1 This contract award does not have any HR implications in relation to staffing levels, restructuring/regrading, recruitment, employee relations, or any other human resources matters.

Approved by Jennifer Sankar, Head of HR, Place & GSE, for and on behalf of Sue Moorman, Director of Human Resources.

## **8. EQUALITIES IMPACT**

- 8.1 A new Equalities analysis has not been undertaken as this is continuation of existing services and one has been completed and approved previously. In compliance with Equality legislation and Tender and Contract Regulations, the preferred supplier will be asked to include equalities monitoring as part of the referral process.

Approved by Yvonne Okiyo, Equalities Manager

## **9. ENVIRONMENTAL IMPACT**

- 9.1 There is no adverse environmental impact.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no direct crime and disorder reduction impacts arising from this piece of work.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

The direct award to Company A follows a comparison between the 3 providers on Lot 1 of the Framework and Company A was assessed as offering the best value for money option.

## **12. OPTIONS CONSIDERED AND REJECTED**

- Carry out a mini competition from the YPO framework this option was considered and rejected as the framework allows for a direct award process.
- Insourcing was considered but the Council moved away from this model 2017. The in-house model had higher costs, lack of consistency of

service, inefficient storing of records and lack of cover in case of absence. Outsourcing the provision of OH services has remedied the above mentioned shortfalls.

- ESPO has an OH framework however it is 'pay as you go' and the decision was it would not be possible to control costs or budget effectively, therefore this option was rejected

### **13. DATA PROTECTION IMPLICATIONS**

A DPIA has been completed and sent to the DPIA Team who have reviewed.

#### **13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

Yes

#### **13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

Yes

Approved by: Susan Moorman, Director of HR

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**CONTACT OFFICER:** Ritika Singh, HR Specialist Consultant

**BACKGROUND DOCUMENTS:** None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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**For General Release**

<b>REPORT TO:</b>	<b>Cabinet Member for Environment, Transport and Regeneration (Job Share) under delegated powers</b>
<b>SUBJECT:</b>	<b>Lead Architect and Multi - disciplinary Team for design of New Addington Wellbeing Centre and regeneration scheme (RIBA 0-3+) Contract Award</b>
<b>LEAD OFFICER:</b>	<b>Shifa Mustafa, Executive Director, Place Stephen Tate, Director of Growth, Employment and Regeneration</b>
<b>CABINET MEMBER:</b>	<b>Councillor Paul Scott, Cabinet Member for Environment, Transport &amp; Regeneration (acting – Job Share) AND Councillor Stuart King, Cabinet Member for Environment Transport &amp; Regeneration (non-acting – Job Share) AND; Councillor Simon Hall, Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>New Addington South</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT:</b></p> <p>This proposal is aligned with the following Priorities:</p> <p><b>Croydon's Community Strategy priorities and outcomes:</b></p> <ul style="list-style-type: none"> <li>• Outcome 1: A great place to learn, work and live – in particular: Priority One; Deliver Infrastructure for Growth and; Priority Two; Build new Homes and; Priority Three; Support the local economy to grow and; Priority Five; secure a safer and greener borough.</li> <li>• Outcome 2: A place of opportunity for everyone – in particular: Priority One; Reduce deprivation and poverty and; Priority Two; Support individuals and families with complex needs and; Priority Four; Prevent homelessness and; Priority Five: Secure a good start in life, improved health outcomes, and increased healthy life expectancy Improve health outcomes and life expectancy.</li> <li>• Outcome 3: Priority One; Connecting our residents, local groups and community organisations.</li> </ul> <p><b>Croydon's Corporate Plan priorities and outcomes:</b></p> <ul style="list-style-type: none"> <li>• People live long, healthy, happy and independent lives</li> <li>• Good, decent homes, affordable to all</li> <li>• Business moves here and invests, our existing businesses grow</li> </ul> <p>The provision of integrated health and community services also links to the Opportunity</p>	

and Fairness Commission theme:

- A connected borough where no-one is isolated – tackling social isolation through volunteering and joint commissioning, and better integration between health services and the community.
- Health – help people from all communities live longer, healthier lives

#### **AMBITIOUS FOR CROYDON & WHY WE ARE DOING THIS:**

The delivery of this project is critical in ensuring the Authority is able to deliver the Croydon Promise to enable Growth for All and support the Authority in meeting the following Objectives of:

- Achieving better outcomes for children and young people
- Better and more integrated health and social care
- Investing in schools, sports and community facilities
- Promoting economic growth and prosperity

#### **FINANCIAL IMPACT**

A budget of £15m has been allocated in the 2020/23 Capital Programme towards the first phase only of design and delivery of a proposed new Wellbeing Centre.

The outcome of the procurement detailed in this report, commits the Council to a maximum expenditure as detailed within Part B report, over the next 18 months, for the provision of a Lead Architect and Multi-Disciplinary Team to develop designs for a regeneration scheme involving the Wellbeing Centre and additional housing and public realm improvements towards a hybrid planning application (Phases 1-3).

The professional fees (design) for Phase 1 (only) associated with the project is split per RIBA stage on a 75:25 basis (Council: CCG) with the CCG. This has been confirmed by the CCG in an open letter to the Council and will be captured in a formal Agreement to Lease which will be signed by the CCG once approval to commence with the delivery of the project has been agreed with Cabinet at the end of RIBA Stage 2 design work.

#### **FORWARD PLAN KEY DECISION REFERENCE NO.: 5419ETR**

The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.

The Leader of the Council has delegated to the Cabinet Member for Environment, Transport and Regeneration the power to make the decisions set out in the recommendations below:

## **1. RECOMMENDATIONS**

- 1.1 The Cabinet Member for Environment, Transport and Regeneration is recommended to approve the award of contract to deliver the services of Lead Architect with the Multi-Disciplinary Team to support the delivery of the hybrid planning application (RIBA 0-3+) for the New Addington Regeneration scheme which includes the Wellbeing Centre, residential units, landscape and public realm improvements for a contract length of 18 months to the supplier and contract value listed in Part B of this report.

## **2. EXECUTIVE SUMMARY**

- 2.1. In accordance with the Borough's Health and Well Being Strategy 2019 and the Croydon Local Plan 2018, the How We Buy strategy report (CCB1525/19-20) was agreed therefore the Council undertook a mini-competition exercise via the Notting Hill CF1 Consultants Framework (Lot 2). This was to enable the Council to appoint a Lead Architect and associated multi-disciplinary team to deliver a hybrid application approach (RIBA 0-3+) for Phases 1-3 of the Central Parade regeneration scheme which includes the Wellbeing Centre, residential units, landscape and public realm improvements.
- 2.2. This allows for a fully co-ordinated RIBA stage 3+ detailed design for Phase 1 with potential to extend through novation for RIBA stage 4 and 6, and to provide an outline RIBA stage 2 and 3 design for Phase 2 and 3.
- 2.3. The proposed contract term will be for a period of an estimated 18 months commencing from March 2020. There is no intention for the Council at this time to explore the option to extend, in accordance with the existing Notting Hill Genesis Framework.
- 2.4. The contents of this report reflects the procurement process that has been undertaken and provides the recommended Provider to be awarded the contract following the outcome of a robust evaluation process.
- 2.5. A full procurement process has been completed and the recommended contract award can now be sought.

<b>CCB Approval Date</b>	<b>CCB ref. number</b>
27/02/2020	CCB1554/19-20

### **3. DETAIL**

- 3.1 The agreed procurement process for the award of this contract was to call off the Notting Hill Framework which was procured in accordance with the restricted procedure of the PCR 2015 (The Public Regulations 2015).
- 3.2 This regeneration scheme has the opportunity to address significant health and socio-economic issues in New Addington and provide services that will work together to support the Council's Locality model and the NHS vision for an integrated Health and Social Care model in the future.
- 3.3 Since the initial funding allocation towards a new Wellbeing Centre in 2018, the proposals for the regeneration scheme (Phases 1, 2 and 3) have developed to include:
- New housing, landscape and public realm improvements to the surrounding area, in addition to the Wellbeing Centre.
- 3.4 Phase 1 will be taken forward for delivery via a Detailed Planning Application. Phase 2-3 will be delivered at a later stage, and are therefore only taken forward to Outline Planning in this project (Hybrid Application).
- 3.5 The first stage of the Design Team's contract will be from March to June 2020 (RIBA Stage 0-2) will deliver essential design and construction cost analysis required to finalise the cost profile and business case for proceeding with the construction of the building(s) and associated works. This early design work will be used to undertake detailed feasibility and viability analysis in order to review at the end of RIBA Stage 2 as to whether the scheme should be supported to continue into the future stages of design and delivery.
- 3.6 There are break clauses within the proposed contract for the Design Team at each RIBA stage, should the scheme not progress as planned. In the meantime, the Council has agreed an Open Letter with the CCG confirming their agreement to fund 25% of the design fees.
- 3.7 The following principles were agreed in the RP2 How we Buy Strategy Paper ref. CCB1525/19-20, dated 14/11/19:
- To appoint a lead Architect bringing a multi-discipline team via the Notting Hill Genesis Consultancy Framework CF1 (Lot 2) for RIBA stages 0-6 to deliver the proposed hybrid planning approach for the design and development of Phase 1-3 including a new Wellbeing Centre, residential units, landscape and public realm improvements for a contract term of approximately 30 months and for the approximate contract value of £4.36m.
  - The Appointment will be made for RIBA 0-3+ initially with the opportunity to extend the Architect's appointment to RIBA 4-6 through novation for Phase 1, although that would be subject to a separate decision.
  - A waiver in accordance with the Council's Tender and Contract Regulation 19, the requirement under regulation 22.4, and agree a

variation to the Council's standard evaluation weighting of 60% Quality/40% Price to 70% Quality and 30% Price in line with the framework requirements.

- The Council to have the discretion to terminate the contract on completion of each RIBA stage.

3.8 The provision of professional Lead Architect with a multi-disciplinary team to deliver the Hybrid planning application will include as a minimum the following roles:

- a) Lead Consultant Architect
- b) A Principal Designer (either as part of Lead Architect's scope of service or as a sub-consultant with relevant expertise)
- c) A Landscape Architect
- d) An Urban Designer
- e) A Structural and Civil Engineer
- f) A Mechanical and Electrical Engineer
- g) Supporting services and co-designers
- h) All Other Consultants.

3.9 In accordance with the agreed procurement strategy an Invitation to Tender was issued on Friday 15<sup>th</sup> November 2019. The procurement and evaluation process was carried out in accordance with the procurement strategy set out in the RP2 report (ref: CCB1525/19/20).

### **Procurement Process**

3.10 The following evaluation criteria, as agreed in the How to Buy strategy report, was used to evaluate the tenders:

- Cost 30%
- Quality 70%

3.11 The pre-determined scoring allocation (0-5) for the qualitative responses were notified to the Bidders including the minimum quality score threshold which was to be applied whereby, should a Bidder's response to any of the method statement question be allocated with a score less than 2, then its entire tender submission will be rejected.

3.12 In accordance with the Architect Lot 2 of the Notting Hill CF1 Consultants framework Agreement 26, appointed framework Providers were invited to participate in the Capability Assessment via the Council's E-Tender portal. The purpose of the Capability Assessment was to determine the shortlisted potential Suppliers who have demonstrated related experience to deliver the required project outcomes i.e. multi-use facility, civic building, housing and NHS space.

3.13 The capability assessment was evaluated by an Evaluator Panel consisting of LBC Project Manager (Regeneration Manager) and the Council's appointed professional services advisors, as Project Management Advisors and Cost

Consultants. Following the outcome of the Capability Assessments, nine Suppliers were successfully shortlisted to proceed with the invitation to tender which was published via the Council's E-Tender portal on 15<sup>th</sup> November 2019.

- 3.14 The Suppliers were encouraged to visit the site in New Addington and a clarification meeting was held on 11<sup>th</sup> December 2019. Six Suppliers attended this event whereby the Council could offer further clarity with regards to the Council's requirements and respond to some of the questions that were raised by the Suppliers. The Council released a copy of the clarification questions and responses provided during this event, to all the potential Bidders via the E-Tender portal to ensure transparency of information was offered to all those participating in this tender exercise.
- 3.15 In accordance with Notting Hill Genesis Consultants Framework methodology, six tender responses were received 24<sup>th</sup> January 2020, further details provided in Part B report. They were then subject to the relevant compliance checks.
- 3.16 For the qualitative assessments, an Evaluation Panel consisted of LBC Project Manager, Croydon CCG (Clinical Commissioning Group) and the Councils' appointed Project Management Advisors.
- 3.17 A minimum qualitative scoring threshold for all written method statements was applied, whereby a scoring allocation of less than two (2) would subject the respective Bidder's tender submission to being rejected in its entirety.
- 3.18 A moderation session was supported by the Council's Commissioning and Procurement team and the purpose of this was to determine the Council's consensus score and feedback based on the evaluation of each of the respective Bidders' qualitative responses. For an overview of the Quality scores, please see below:

**Table One: Overview of the Quality Scores (out of 70%)**

Tier Two/Three Quality Criteria	Weighting	Bidder A	Bidder B	Bidder C	Bidder D	Bidder E	Bidder F
<b>Programme and Delivery Methodology</b>	<b>10%</b>	<b>8.00%</b>	<b>6.00%</b>	<b>4.00%</b>	<b>4.00%</b>	<b>6.00%</b>	<b>4.00%</b>
<b>Delivery Team (10%):</b>							
<b>Architect</b>	<b>2%</b>	1.60%	1.20%	1.20%	1.20%	1.20%	1.60%
<b>Mechanical and Electrical Engineer</b>	<b>1%</b>	0.80%	0.80%	0.80%	0.80%	0.60%	0.60%
<b>Structural/Civil Engineer</b>	<b>2%</b>	1.20%	1.20%	1.20%	1.20%	1.20%	1.60%
<b>Principal Designer</b>	<b>1%</b>	0.60%	0.60%	0.00%	0.80%	0.60%	0.60%
<b>Landscape Architect</b>	<b>2%</b>	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
<b>Urban Designer</b>	<b>2%</b>	1.20%	0.80%	1.20%	1.20%	1.20%	1.20%
<b>Delivery Team: Total</b>	<b>10%</b>	<b>6.60%</b>	<b>5.80%</b>	<b>5.60%</b>	<b>6.40%</b>	<b>6.00%</b>	<b>6.80%</b>

<b>Previous Experience (20%):</b>							
<b>Architect</b>	4%	4.00%	3.20%	3.20%	2.40%	2.40%	3.20%
<b>Mechanical and Electrical Engineer</b>	2%	1.60%	1.60%	1.20%	1.60%	1.20%	1.60%
<b>Structural/Civil Engineer</b>	4%	3.20%	3.20%	2.40%	3.20%	3.20%	3.20%
<b>Principal Designer</b>	2%	1.60%	1.20%	0.00%	1.60%	1.20%	1.20%
<b>Landscape Architect</b>	4%	3.20%	2.40%	3.20%	2.40%	3.20%	2.40%
<b>Urban Designer</b>	4%	3.20%	1.60%	1.60%	2.40%	3.20%	2.40%
<b>Previous Experience: Total</b>	<b>20%</b>	<b>16.80%</b>	<b>13.20%</b>	<b>11.60%</b>	<b>13.60%</b>	<b>14.40%</b>	<b>14.00%</b>
<b>Concept Design</b>	<b>20%</b>	<b>20.00%</b>	<b>8.00%</b>	<b>12.00%</b>	<b>12.00%</b>	<b>16.00%</b>	<b>12.00%</b>
<b>Social Value</b>	<b>10%</b>	<b>10.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>
<b>Total Tier 2 Quality Score (out of 70%)</b>		<b>61.40%</b>	<b>39.00%</b>	<b>39.20%</b>	<b>42.00%</b>	<b>48.40%</b>	<b>42.80%</b>

3.19 For the price evaluation, this assessment was carried out separately and independently by the Council's appointed cost consultant. Further details relating to the pricing submission is provided in Part B of this report.

3.20 An overview of the financial evaluation and the combined quality and price total results are shown below:

**Table Two: Financial Evaluation**

<b>Financial Evaluation</b>	<b>Weighting</b>	<b>Bidder A Score (%)</b>	<b>Bidder B Score (%)</b>	<b>Bidder C Score (%)</b>	<b>Bidder D Score (%)</b>	<b>Bidder E Score (%)</b>	<b>Bidder F Score (%)</b>
<b>Total (Price)</b>	<b>@ 30%</b>	<b>27.76%</b>	<b>27.50%</b>	<b>27.58%</b>	<b>19.29%</b>	<b>23.71%</b>	<b>18.85%</b>

**Table Three: Combined Qualitative Combined Financial and Qualitative**

	<b>Tender</b>	<b>Qualitative Score</b>	<b>Quantitative Score</b>	<b>Overall Score</b>
1	Bidder A	<b>61.40%</b>	<b>27.76%</b>	<b>89.16%</b>
2	Bidder B	<b>39.00%</b>	<b>27.50%</b>	<b>66.50%</b>
3	Bidder C	<b>39.20%</b>	<b>27.58%</b>	<b>66.78%</b>
4	Bidder D	<b>42.00%</b>	<b>19.29%</b>	<b>61.29%</b>
5	Bidder E	<b>48.40%</b>	<b>23.71%</b>	<b>72.11%</b>
6	Bidder F	<b>42.80%</b>	<b>18.85%</b>	<b>61.65%</b>

3.21 In accordance with the evaluation criteria, the financial score is based on the following:

- a) Top six Consultants Total Value (Lump Sum) for delivery of RIBA 0-3+ Stages and Phases 1-3: 20%

- b) All Other Consultants that will form part of the Multi-Disciplinary Team for all stages and Phases (1-3): 10%.
  - c) The percentage score for the quantitative element is based on the total scores deriving from the Top six Consultants Lump Sum (reference a) and the average charge per resource for All Other Consultants (reference b).
- 3.22 Therefore the Further details with regards to the pricing submission is provided in part B of this report.
- 3.23 As a result of a comprehensive evaluation process, the recommendation is to award the contract to Bidder 'A' for the provision of Lead Architect with its Multi-Disciplinary Team to support the design of New Addington Wellbeing Centre and regeneration scheme (RIBA 0-3+).
- 3.24 The preferred Bidder has demonstrated a very strong and tailored submission that clearly showed their ability to meet the Council's requirements relating to New Addington, bringing with them an experienced and well-resourced Design Team. They will be requested to work closely with Croydon Works to ensure local residents can benefit from any employment opportunities; apprenticeships and work placements. Also demonstrated compliance with Council's requirements relating to London Living Wage. Further details of their social value offer is provided within Part B report.

#### **4. CONSULTATION**

- 4.1 The delivery of this regeneration scheme will address significant health and socio-economic issues in New Addington and provide services that will work together to support the vision of an integrated health and care model in the future.
- 4.2 The Project brief was led by the Council's Regeneration Team in consultation with a multi-disciplinary Council Steering Group and Croydon CCG; supported and advised by the Council's appointed Project Management Advisors.
- 4.3 Internal and external engagement and consultation have been undertaken with relevant stakeholders throughout the project and will continue, including: development management; spatial planning; housing; capital delivery homes and school; localities; libraries; economic growth; education; highways; and local members, stakeholders and residents.

#### **5. PRE-DECISION SCRUTINY**

- 5.1 The process for awarding the contract has followed set procurement rules and as such has not been considered by Scrutiny.



## 6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

The financial impact of this project is set out below however further details provided via Part B report:

### 6.1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
<b>Capital Budget confirmed*</b>		3,000	£12,000	
<b>Capital Budget request</b>				
<b>Expenditure Effect of decision from report</b>				
<b>Expenditure</b>		(1,19)		
<b>Remaining budget Programme</b>		1,810	£12,000	£0
<b>Request</b>				

A confirmed project budget of £15m has been allocated to support the first phase of delivery of the New Addington Wellbeing Centre and regeneration scheme.

This supports the project related expenditure which is up to Planning submission by the end of 2020/21 as per following:

- Appointment of Lead Architect with its Multi-Discipline Team to deliver RIBA Stage 0-3+ for hybrid planning approach for Phase 1-3: further details shown via Part B report.
- Other Professional Services fees
- Demolition Works
- Project related resources including Staff
- Compensation to Parking Services due to TVG relocation
- 15% Contingency Fund
- Final cost to be refined once further design and analysis have been carried out.

## 6.2 The effect of the decision

This decision will commit the Council to a total sum reflected within the table above. The costs are shown after the 25% contribution being made by the CCG. The estimated construction cost to deliver Phase 1 is based on the 2017 Feasibility Study. Through the next stage of the design process (RIBA 0-3+), more detailed costing will be provided. The Lead Architect, via the Council's external Project Manager and Cost Advisor, will work closely with the Lead Architect to make sure the final design and associated construction costs are best value and affordable for the Council through value engineering exercises. The entire sum of money to be awarded through this contract award report is to be drawn down directly from the Council's £15m Capital funding.

Before the project moves on to its next phase, a review of the costs and specification will be carried out to support approval of additional budget

## 6.3 Risks

Risk	L	I	Mitigations
That the plans and proposals do not meet planning guidance, policies and other Croydon policy standards and guidance	L	H	<p>The original ITT pack containing the Project Brief/Specification is based on 2017 Feasibility Study which was endorsed by the Local Planning Authority (LPA) and subject to Pre-application discussions.</p> <p>Within specification there are review processes in place to ensure that the designs are regularly consulted on to ensure that they will be in line with Council policies.</p>
Funding for project not approved.	M	H	<p>The project funding has been reprofiled and increased to £15m, up to 2021/22.</p> <p>Funding for construction beyond FY 2021/22 has not yet been secured and will be subject to a new Capital Programme request in a Business Case submitted to the June Cabinet.</p> <p>LBC and CCG have agreed a fee split of 75/25 basis (LBC/CCG) for the design costs RIBA 0-7.</p> <p>CCG will be liable for penalty costs should they withdraw from</p>

			<p>the process.</p> <p>Break clauses after each RIBA stage have been included in the Architect's Appointment Deed.</p> <p>LBC and CCG are expected to agree Heads of Terms (HoTs) for the Agreement to Lease by the end of February.</p> <p>Subject to Cabinet approval to proceed with delivery of the scheme, the Agreement for Lease will be issued to CCG for signature.</p> <p>The HoTs and Agreement to detail any fee split and penalty costs.</p> <p>Should CCG withdraw from the process, the scope/use of the building will be subject to change.</p>
Project costs exceed budget	H	H	<p>Anticipated costs will be estimated and a decision to proceed made before committing to the full project.</p> <p>The costs will be monitored as part of the project management process and any cost overruns will be flagged. The project team will seek to minimize any possible overruns.</p>
There is lack of contingency available with regards to the proposed indicative timescales to complete the project. Any delay will have a direct impact on the delivery of the phase 1-3 of the project.	M/H	M/H	<p>Continued review and management of the delivery of the project. Key gateway milestones to be implemented and all internal departments to be kept informed of any project slippage.</p> <p>Effective contract management will ensure works are delivered within the agreed timeframe.</p>

Performance issues	M	M	Implement Key Performance Indicators and ensure that these are monitored closely each month. Performance dashboard and progress will be reported via the Council's Asset Management Board and Regeneration Board meetings in accordance with the Contract Management Framework.
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#### 6.4 Future savings/efficiencies

As this is a new commission no further savings and efficiencies have been identified at this time however, they will identified during the proposed design stage (RIBA 0-3+) of the project and continued value engineering exercise once the project is on site.

The supplier has been procured through the Notting Hill framework which sets out the agreed contract rates that have to be adhered to. Their cost submission has been fully reviewed by LBC appointed external cost consultants. It has been deemed that the project is in line with the market rates and offers the most efficient value for money.

#### 6.5 Options

Other procurement options were reviewed within the agreed How We Buy Strategy report and the approved route to market was to carry out a mini competition via the Notting Hill CF1 Consultant Framework Lot Two tender process.

Approved by: Felicia Wright, Head of Finance- Place

### 7. LEGAL CONSIDERATIONS

- 7.1 The Director of Law and Governance comments that there are no additional legal considerations directly arising from this report.

Approved by Sonia Likhari on behalf of the Director of Law and Governance and Monitoring Officer.

### 8. HUMAN RESOURCES IMPACT

- 8.1 There are no immediate HR implications in this report. If any should arise, they will be managed under the Council's policies and procedures.

Approved by: Jennifer Sankar, Head of HR Place & Interim Head of Resources,  
for and on behalf of Sue Moorman, HR Director.

## **9. EQUALITIES IMPACT**

- 9.1 The project will support the delivery of the New Addington Wellbeing Centre regeneration scheme. This has an opportunity to address significant health and socio-economic issues in New Addington and provide services that will work together to support the vision of a locality model and an integrated health and care model in the future. We have not identified any potential negative impact on groups that share protected characteristics. The project will help the Council meet its duties as stipulated in the Equality Act 2010. An equalities impact assessment will be carried out during the project RIBA stage 0-3+ process.

Approved by: Yvonne Okiyo, Equalities Manager

## **10. ENVIRONMENTAL IMPACT**

- 10.1 There are no environmental impacts from the award of this contract.
- 10.2 The design proposals will achieve the highest standards possible within the various site constraints, the new wellbeing centre will be required to achieve BREEAM 'Excellent'

## **11. CRIME AND DISORDER REDUCTION IMPACT**

- 11.1 There are no immediate Crime and Disorder consequences of this proposal.

## **12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 12.1 In accordance with the original How We Buy Strategy report (CCB1525/19-20), it was agreed for this contract to be procured via the Notting Hill Framework. Following the outcome of the evaluation of tender responses, as identified within section 3.20 of this report, Supplier A has submitted the most economically advantageous tender based on achieving the highest combined score for quality and price.
- 12.2 It is therefore recommended to award the contract to Supplier A for the maximum term of 18 months for the delivery of RIBA stage 0-3+.

## **13. OPTIONS CONSIDERED AND REJECTED**

- 13.1 The Council does not have the necessary skills available to undertake the lead Architect role bringing its various disciplines to support the delivery of this

project. Failure to procure for this requirement will impact the Council's ability to support the delivery of the New Addington Wellbeing Centre and regeneration scheme. This has an opportunity to address significant health and socio-economic issues in New Addington and provide services that will work together to support the vision of an integrated locality model and health and care model in the future.

#### **14. DATA PROTECTION IMPLICATIONS**

##### **13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

##### **13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

This report does not involve the processing of 'PERSONAL DATA'.

The Director of Council Homes, Districts and Regeneration comments that there are no additional data protection implications arising directly from the report.

Approved by: Stephen Tate, Director of Council Homes, Districts and Regeneration

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#### **CONTACT OFFICER:**

<b>Name:</b>	Jane Nielsen
<b>Post title:</b>	Regeneration Manager

**BACKGROUND DOCUMENTS:** None



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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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<b>REPORT TO:</b>	<b>Cabinet Member for Children, Young People and Learning</b>
<b>SUBJECT:</b>	<b>Open Access Counselling and Young Carers Services for Children and Young People</b>
<b>LEAD OFFICER:</b>	<b>Jacqueline Harris Baker, Executive Director Sarah Warman, Director Amanda Tuke, Head of Service</b>
<b>CABINET MEMBER:</b>	<b>Councillor Alisa Flemming Cabinet Member for Children, Young People and Learning Councillor Simon Hall Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>All</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</b></p> <p>Delivering appropriate and safe emotional wellbeing and mental health support through open-access counselling, advice and advocacy supports the Council's outcome:</p> <p><b><i>“Children and young people in Croydon are safe, healthy and happy and aspire to be the best they can be.”</i></b></p> <p>Other relevant local priorities include:</p> <p><b>Croydon's Community Strategy priorities and outcomes:</b></p> <ul style="list-style-type: none"> <li>• Outcome 1: A great place to learn, work and live.</li> <li>• Outcome 2: A place of opportunity for everyone – in particular: Priority Two; Support individuals and families with complex needs and; Priority Four: Deliver better education and the opportunity for everyone to reach their full potential.</li> </ul> <p><b>Croydon's Corporate Plan “Ambitious for Croydon”</b></p> <ul style="list-style-type: none"> <li>• To help families be healthy and resilient and able to maximise their life chances and independence.</li> <li>• To help people from all communities live longer, healthier lives through positive lifestyle choices.</li> <li>• To drive fairness for all communities, people and places.</li> </ul>	

## FINANCIAL IMPACT

The service is well-established and has recurrent funding streams (Council & CCG) as set out below.

Council & CCG Directors have confirmed their support for its continued funding at 2019/20 recurrent levels.

	<b>Croydon CCG</b>	<b>Croydon Council</b>	<b>Annual Total</b>
<b>Croydon Drop In</b>	£153,000	£150,000	£303,000
<b>Off the Record</b>	£600,000	£234,300	£843,300
<b>Total over 2 years</b>	£1,506,000	<b>£768,600</b>	£2,292,600
<b>Total Over 5 years</b>	£3,765,000	<b>£1,921,500</b>	£5,731,500

## FORWARD PLAN KEY DECISION REFERENCE NO.: 0620CYPL

The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.

The Leader of the Council has delegated to the Cabinet Member for Children , Young People and Learning the power to make the decisions set out in the recommendations below:

### 1. DRAFT RECOMMENDATION

1.1 The Cabinet Member for Children Families and Education in consultation with the Cabinet Member for Finance and Resources, is recommended by the Contracts and Commissioning Board to approve the award of contracts (jointly with NHS Croydon Clinical Commissioning Group) in accordance with Regulation 28.4(c) of the Council's Contracts and Tenders Regulations to:

- a. Croydon Drop In for the provision of Open-Access Counselling Services for a contract term of 2 years with 3 x 1 year extensions up to five (5) years for a maximum contract value (to the Council) of £750,000.00.
- b. Off The Record for Open Access Counselling and Young Carers Services for a contract-term of 2 years with 3 x 1 year extensions up to five (5) years for a maximum contract value (to the Council) of £1,171,500.00.

1.2 The Cabinet Member is asked to note that the Director for Commissioning & Procurement has approved a waiver of Regulation 11.3 of the Council's Tenders and Contracts Regulations to allow for the direct award of the contracts, subject to finalisation of the due diligence and assurance process required by Croydon CCG by the date of contract signature.

## 2. EXECUTIVE SUMMARY

- 2.1 The purpose of this report is to seek permission to directly award joint contracts (i.e. Croydon Council with NHS Croydon CCG) to two local VCS agencies, namely Croydon Drop In and Off The Record, for the provision of (respectively) open-access counselling services; and open-access counselling and young carers' services.
- 2.2 Croydon Council and Croydon CCG both have statutory duties to local children and young people (e.g. early intervention; emotional health & well-being) and this service contributes significantly to the discharge of those duties.
- 2.3 Both providers are already engaged in the delivery of this service under the auspices of separate Council & NHS contracts, which are due to expire shortly, and have been so for some years. As such, the move to a single contract (NHS shorter form) with defined contract-terms recognises the long-standing commitment of the providers; demonstrates the integration of commissioners in Croydon; and sets a framework for future development of the service.
- 2.4 Prior to recommending the direct award, commissioners have considered the available options for delivering the service and established that direct awards to the existing providers represent best value for the Council and the CCG. A due diligence and assurance process required by the CCG has been designed to ensure that the providers are "fit for purpose" and the first phase of this, screening of evidence, is completed with both providers and due for finalisation prior to the contract signature date.
- 2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1556/19-20	05/03/2020

## 3. DETAIL

### 3.1 National context:

Local Authorities have a statutory duty to provide early intervention and prevention services to children & young people. These services include counselling and other similar interventions.

NHS England (NHSE) requires local areas to work in partnership to develop and update annually a Local Transformation Plan (LTP) for mental health & emotional well-being of children and young people. The LTP sets out (among other things) how ring-fenced funding from NHSE is invested to improve outcomes for children and young people in need of mental health and emotional well-being support.

A key requirement of the NHSE funding is that it is used to improve access and

reduce waiting times to counselling services. Access to such services is an increasingly important indicator, both within NHS performance frameworks and in the wider public arena.

### **3.2 Local context:**

Locally, the LTP is overseen within Croydon's partnership structures by the Mental Health and Emotional Well Being Board, a sub-group of the Children and Young People's Partnership Board.

Over a number of years (preceding the LTP), both Croydon Council and Croydon Clinical Commissioning Group (CCG) have separately commissioned open-access counselling, advocacy & advice services and a young carers service for children and young people from two Croydon-based voluntary sector providers, namely Off the Record and Croydon Drop In. These agreements are due to expire on 31 March 2020.

### **3.3 Objectives & outcomes:**

In engaging in this process, commissioners established the following objectives and outcomes:

- To ensure Croydon Council can fulfil its statutory duty to provide early intervention and prevention services through continued delivery of open-access counselling, advocacy & advice and young carers services to children and young people in Croydon.
- To deliver on local priorities as set out in the Local Transformation Plan for Emotional Wellbeing and Mental Health; Early Help Strategy; and other national priorities in relation to improved access to mental health and emotional wellbeing services.
- To maximise the impact of available place-based resources in improving mental health and emotional wellbeing outcomes for children and young people, ensuring there is sufficient capacity to meet demand.
- To enable robust integrated contract management that develops the providers; delivers service improvements; and ensures that service-users experience positive and safe care within an appropriate and welcoming environment.

### **3.4 Commissioners' preferred option:**

Commissioners have recommended the direct award of one joint contract (i.e. Croydon CCG with Croydon Council) to each of the current two voluntary sector providers, i.e. Off the Record and Croydon Drop In.

The contract form recommended is the NHS Standard Contract (shorter form), with additions to the service conditions to reflect key aspects of the Council's procurement agenda (e.g. compliance with London Living Wage).

The scope of each contract will be all services that the provider currently delivers to support mental health and emotional wellbeing.

The contracts are due to commence on 1 April 2020. The proposed contract-term is for two (2) years initially, with the option of up to three (3) 1-year extensions, initially maintaining the annual contract-price at the recurrent 2019/20 funding levels shown below:

	<b>Croydon CCG (£000)</b>	<b>Croydon Council (£000)</b>	<b>Provider Total (£000)</b>
<b>Croydon Drop In</b>	153.0	<b>150.0</b>	303.0
<b>Off the Record</b>	600.0	<b>234.3</b>	834.3
<b>Commissioner Total</b>	753.0	<b>384.3</b>	1,137.3
<b>Total over 2 years</b>	1,506.0	<b>768.6</b>	2,274.6
<b>Total over 5 years</b>	3,765.0	<b>1,921.5</b>	5,686.5

At a meeting on 18 December 2019, the CCG's Procurement Advisory Group (PAG) made an identical recommendation to the CCG Accountable Officer and Governing Body.

The rationale for the above recommendations (including direct award) and the decisions made by these groups is set out in detail below in sections 3.5 to 3.10.

### 3.5 Rationale for joint contract:

In recommending one joint contract to each voluntary sector provider, commissioners acknowledged the duplication inherent in the status quo; recognised that integrated commissioning should deliver outputs such as joint contracts as a norm; and sought to offer greater clarity to providers. Commissioners were not aware of any specific reason to deviate from those principles.

### 3.6 Rationale for direct award:

Commissioners acknowledged the risk of a procurement challenge under PCR 2015 by other provider organisations, but established that this risk is low and that the direct award is eminently defensible.

Firstly, commissioners believe that competitive tendering is unlikely to offer better value than the current local service offer. Secondly, commissioners believe that the external provider market is unlikely to offer providers that are technically capable of delivering these services. Supporting factors in both these beliefs include the geography & demographics of Croydon (in particular, the unusual concentration of young refugees and asylum seekers); the absence of a specialist provider delivering these services in other comparable areas; and the infrastructure costs inherent in setting up a new service in Croydon.

This case is set out below in sections 3.7 to 3.10.

### **3.7 Current local service offer:**

The open-access counselling service provides primary-care-level intervention and also helps to identify and signpost those with higher levels of need to more appropriate services through the “single point of contact”. The service offers evidence-based face-to-face counselling, support services and digital services also for vulnerable groups, in particular unaccompanied asylum-seeking young people and young carers (see below). Off the Record also provides on-line counselling; a young carers project; and a youth drug & alcohol project. Clients accessing the open-access counselling service in either provider may be referred to these services as appropriate.

Research shows that children and young people experiencing mild to moderate mental health problems are likely to respond to evidence-based mental health counselling interventions (identified as appropriate within the National Children and Young People’s IAPT Programme), which is the core intervention provided by the service.

Advice and advocacy is also provided in-service to support family members, young people and children (aged 10-25) accessing the service in relation to: welfare rights; benefits; maintaining school attendance; family support; debt; housing and homeless issues - all within the human rights framework.

Strategically, the fundamental aim of these services are entirely consistent with the Croydon agenda: to support children and young people to be well, remain well and gain resilience and life coping skills to support them into adulthood.

Both providers are:

- Well-established voluntary sector bodies within the communities of Croydon;
- Well-regarded within the local health & care community and operating as a provider under the ambit of commissioner contracts and agreements;
- Engaged with partners & service users in developing their current service offer, singly and jointly (e.g. seeking to employ joint posts to deliver the national “trailblazer” of mental health support in schools).

Given all the above, while there is undoubtedly some scope for provider development, the current service offer and set of providers in Croydon seems broadly sound; “fit for purpose”; and is already responding to the need for change.

### **3.8 Croydon’s geography & demographics:**

In the latest benchmarking data (March 2018) Croydon had the highest number of unaccompanied asylum seeking children (UASCs) in the children looked after population. Croydon is one of a very small number of local authorities who



have very significant numbers of UASCs, in the South East and London areas. The next highest numbers are in Kent and Hampshire respectively (see table below).

**Table: Numbers of unaccompanied asylum-seeking children in the local authorities in London and the South East (three highest) Mar 2018**

<b>Local authority</b>	<b>Number of unaccompanied asylum seeking children (UASC)</b>
Croydon	295
Kent	235
Hampshire	112

UASCs frequently arrive at the Home Office in Croydon having experienced considerable trauma and therefore with a range of emotional well-being and mental health issues. A large proportion clearly remain in Croydon – often for several years. These individuals may be subsequently categorised as children looked after and then care leavers, so the numbers reported above probably under-estimate the scale of the issue. It is certainly the case that UASCs (and care-leavers who were previously UASC) make up a considerable proportion of the current service-user population for both the voluntary sector counselling services described in this report.

### **3.9 Current provider market:**

Given this long-standing presence of UASCs, both the statutory and voluntary sector services in Croydon have developed considerable expertise in supporting this group of children and young people. As evidence of this, local providers are regularly consulted as experts by colleagues in other areas. The fact that they are consulted by other areas suggests that this expertise is not readily available from another source.

Commissioners sought information from other areas with significant numbers of UASCs, including Kent and Hampshire. In both cases, the Designated LAC nurse in the area confirmed that unlike Croydon there was no provider delivering specialist UASC counselling service in their areas. In both cases, UASCs received only the same general service emotional wellbeing and mental health support that other young people in the area receive and this situation had been identified as a gap in service provision there.

On that basis, the evidence suggests that there are no other providers currently operating in a comparable environment and therefore technically capable of delivering the specific service that is needed in Croydon.

### **3.10 Infrastructure costs:**

As a further consideration, both providers are well-established in Croydon with good access to local agencies & infrastructure (e.g. premises). It seems likely that any new provider entering the Croydon area would have to invest in relationship-building and infrastructure and that costs for this would feature in

the contract price. Given the property market within Croydon, infrastructure costs alone (both start-up and recurrent) are likely to be significant and will eliminate any efficiency saving likely to be obtained through competitive tendering.

### **3.11 Conclusions, recommendations and next steps:**

Given all the above, commissioners concluded that:

- There was a clear benefit to be gained from maintaining continuity with the current providers;
- The benefits of such continuity outweighed any potential financial advantage to be gained by competitive tendering; &
- The risk of legal challenge to a direct award exists, but it is low and the decision has a firm evidence-base to support it, as set out above in sections 3.7 to 3.10.

### **3.12 Due diligence and assurance:**

Commissioners have consulted with NHS Shared Business Services (procurement advisors to NHS Croydon CCG) and designed a framework for “due diligence and assurance” to ensure that both providers are capable of discharging the contract and delivering the service within available resources. It should be stressed that the due diligence & assurance work is not a point-based evaluation but a more in-depth and iterative dialogue with the provider.

Commissioners have completed phase one of the CCG due diligence and assurance process and this will be finalized prior to the date of contract signature date.

## **4. CONSULTATION**

- 4.1 There is no significant service-change proposed, and therefore there is no requirement for formal consultation on the decision at hand.
- 4.2 However, the due diligence and assurance process described above will include both scrutiny of past engagement work by the two providers. An independent engagement exercise with service-users of each provider, to be designed and led by the Council’s Youth Engagement team, will be carried within six months of the date of contract signature to support service development.

## **5 FINANCIAL AND RISK ASSESSMENT CONSIDERATION**

### **5.1 Revenue and Capital consequences of report recommendations**

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
<b>Revenue Budget available</b>				
Expenditure	384.3	384.3	384.3	384.3
Income	384.3	384.3	384.3	384.3
<b>Effect of decision from report</b>				
Expenditure	384.3	384.3	384.3	384.3
Income	384.3	384.3	384.3	384.3
<b>Remaining budget</b>	0.0	0.0	0.0	
<b>Capital Budget available</b>	N/A	N/A	N/A	N/A
Expenditure				
<b>Effect of decision from report</b>				
Expenditure				
<b>Remaining budget</b>	0.0	0.0	0.0	0.0

## 5.2 The effect of the decision:

- The decision commits funding at 2019/20 levels for 2020/21 & 2021/22 (but see below re savings/efficiencies).
- Relevant Council & CCG Directors have confirmed their approval for continuation of recurrent 2019/20 funding.

## 5.3 Risks:

- There is a significant risk of rising demand and/or unmet need.
- The block-funded contract proposed minimises the risk of budget over-run.
- There is a risk in the financial standing of providers – however, both are long-established organisations. This will be tested by due diligence & assurance.

## 5.4 Options:

- Failure to fund the service would leave the Council vulnerable to a charge of failing in its statutory duties, e.g. early intervention & prevention.

## 5.5 Future savings/efficiencies:

- There has been no consideration of savings or efficiencies in 2020/21.
- However, the contract term permits this for future years.
- The NHS standard contract permits savings (and ultimately service termination) within reasonable notice periods.

Approved by Ian Geary, Department Head of Finance.

## **6. LEGAL CONSIDERATIONS**

- 6.1 The Solicitor to the Council comments as follows:
- 6.2 There are no additional legal considerations arising directly from this report.

Approved by Sonia Likhari, Solicitor, on behalf of the Director of Law and Governance & Deputy Monitoring Officer.

## **7. HUMAN RESOURCES IMPACT**

- 7.1 The direct award between Croydon Clinical Commissioning Group and Croydon Council to each of the current two voluntary sector providers - Off the Record and Croydon Drop In, deems that the service provisions remain unchanged and there are no TUPE or HR implications arising from this report for Croydon Council staff.
- 7.2 However, if there are any changes in the future that result in a service provision (such as the service being retendered to another provider), this may invoke the effects of the Transfer of Undertakings (Protection of Employment) 2006 Legislation (amended 2014). It is therefore important to seek HR advice at an early stage.

Approved by Nadine Maloney, on behalf of the Director of Human Resources.

## **8. EQUALITIES IMPACT**

- 8.1 The proposal represents the continuation (and development over time) of an existing local service with a clear remit to tackle inequalities & exclusion. The current service helps the Council meet its equality objective by offering support to vulnerable young people from minority groups (e.g. black & minority ethnic (BAME) communities; refugees & asylum seekers; and LGBTQ+).
- 8.2 Notwithstanding the eligibility criteria of a service for children and young people (0-25), the service seeks to address all equalities priorities (age, disability, gender, gender reassignment, marriage & civil partnership, religion or belief, race, sexual orientation, pregnancy or maternity). Indeed, the providers can identify case-studies demonstrating that commitment.
- 8.3 An initial equalities assessment has been completed. However, it will be revisited with the providers as part of the due diligence and assurance process before final sign-off.

Approved by Yvonne Okiyo, Equalities Manager.

## 9. ENVIRONMENTAL IMPACT

- 9.1 The proposal represents the continuation (and development over time) of an existing local service within a small existing estate in central locations convenient for public transport. As such, there are no direct environmental impacts.

## 10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 Open-access counselling and young carers services play a role in offering support to vulnerable young people who may be experiencing domestic violence, hate crime or sexual exploitation.
- 10.2 Both providers are well-established within Croydon and have good links with partner agencies in the areas of both crime and disorder reduction and also safeguarding children.

## 11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The rationale for the preferred option and subsequent recommendation is set out at some length in Section 3 of this report.
- 11.2 Also please see below in Section 12.

## 12. OPTIONS CONSIDERED AND REJECTED

- 12.1 Section 3 of this report considers and sets out the reasons for arriving at its preferred option of a direct award to the existing providers. However, at an earlier stage in the process, other options were considered and rejected.
- 12.2 In brief, the high-level options could be viewed as:

**Option 0:** discontinue the service – **rejected** because both Council and CCG would be in breach of their obligations and duties;

**Option 1:** status quo, i.e. continue as before with two contracts and funding streams – **rejected** because it fails to acknowledge the real changes in the local care systems in Croydon;

**Option 2:** continue the service, but bring it “in-house” – **rejected** because of the lack of relevant expertise in any statutory provider in Croydon.

**Option 3:** re-procurement through external tender – **rejected** because of the rationale for direct award set out in sections 3.7 to 3.10; &

**Option 4:** direct award to existing providers – this is the **recommended** option.

**13. DATA PROTECTION IMPLICATIONS**

**13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

YES – BUT AT PROVIDER-LEVEL ONLY.

**13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

YES.

**13.3 The Director of Commissioning & Procurement comments as follows:**

**13.4** The providers will process “personal data” and also maintain clinical and case records. The providers may make onward referrals to other agencies (statutory and voluntary) and to the local safeguarding arrangements. In so doing, the providers will comply with all required standards of confidentiality.

**13.5** The providers will also provide monitoring information to the commissioner on both a regular and ad-hoc basis. It is envisaged that this monitoring information will always be in anonymised formats. It is **not** envisaged that the commissioner should process or hold any “personal data”.

**13.6** The terms and conditions of the NHS standard contract relating to data protection (“information governance” in NHS terms), require the providers to comply with all statutory, clinical & professional standards. The due diligence and assurance process is currently testing that compliance.

Approved by Amanda Tuke on behalf of the Director of Commissioning & Procurement.

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**CONTACT OFFICER:**

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**APPENDICES TO THIS REPORT:** None.

**BACKGROUND PAPERS:** None.

<b>DELEGATED DECISION REPORT TO:</b>	<b>Councillor Simon Hall Cabinet Member for Finance and Resources</b>
<b>SUBJECT:</b>	<b>Purchase of 24 Affordable Housing Units at Longheath Gardens for retention in the Housing Revenue Account</b>
<b>LEAD OFFICER:</b>	<b>Stephen Wingrave  Head of Asset Management and Estates</b>
<b>CABINET MEMBER:</b>	<b>Councillor Simon Hall, Cabinet Member for Finance and Resources  Councillor Alison Butler, Deputy Leader and Cabinet Member for Homes and Gateway Services</b>
<b>Ward</b>	<b>Shirley North</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>  Corporate Plan - the proposals presented in this report will: <ul style="list-style-type: none"> <li>• Maximise the use of the Council's assets to deliver new homes, including affordable, private for sale and private rented stock</li> <li>• Bring forward the development of key sites across the borough to address key local, national and regional policies</li> </ul> Community Strategy – Development of sites enables the Council to deliver new homes and increase the supply of affordable homes, a key aspiration of the Community Strategy	
<b>FINANCIAL SUMMARY:</b> The purchase of the 24 units will be at a net cost to the Council of £3.6m as the acquisitions will be eligible for GLA funding of £100,000 per property as these units will be held within the HRA as social housing.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: 0420FR</b> The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.	

The Leader of the Council has delegated to the Cabinet Member for Finance and Resources in consultation with the Deputy Leader and Cabinet Member for Homes and Gateway Services the power to make the decisions set out in the recommendations below:

## **1. RECOMMENDATIONS**

- 1.1 That the Cabinet agree that the Council acquire 24 residential homes forming part of the Brick by Brick Longheath Gardens development for use

as social housing to be retained within the Housing Revenue Account

- 1.2 Note that the purchase of the properties will benefit from GLA grant funding of £100,000 per unit

## **2. EXECUTIVE SUMMARY**

- 2.1 This report recommends the freehold purchase of 24 affordable rented homes which form part of a larger Brick by Brick (BBB) development.
- 2.2 The purchase of these units will allow the Council to benefit from GLA funding of £100,000 per unit that has been allocated for the provision of new social housing by the Council.
- 2.3 The residential unit on the site will be completed over the next 4 weeks ready for hand over to the Council.

## **3. BACKGROUND**

- 3.1 This development has utilised surplus land and former garage space within the existing housing estate. The land has been transferred to BBB who obtained planning consent for a mixed development of 53 private and affordable flats contained in 6 blocks (16/06508FUL) The development is now nearing completion and the affordable rented units will be ready to hand over at the end of January/early February 2020.
- 3.2 The initial proposal was for the 24 affordable rented units to be constructed under Licence for Croydon Affordable Homes (CAH). However, the Council subsequently secured GLA funding of £100,000 per home for the provision of new social Housing. As CAH are not a Registered Provider they do not currently qualify for the grant funding. It was therefore decided that it would be more beneficial for the Council to purchase these units and hold them within the HRA in order to secure the GLA funding and increase the social housing stock.

## **4. DETAIL**

- 4.1 The Council secured the grant funding from the GLA following their application under the Building Council Homes for London Programme that was submitted on 31 August 2019.
- 4.2 This funding can only be used by registered providers for the provision of affordable social housing. The GLA have approved the inclusion of these properties as being in line with their funding requirements and were included within the Council's successful grant application.



- 4.3 In considering the valuation for these units, due consideration has been given to the availability of the GLA funding. The Council do not currently have any other means to benefit from the grant funding unless it purchases the properties and holds them within the HRA. On this basis it is considered reasonable to take the grant funding into account and look at the net figure that the Council will be paying for these units when considering the valuation. On this basis the net price being paid for the units is in line with values that are arrived at through accepted market valuation practice.
- 4.4 Consideration has also been given to the cost of construction for such units to see whether this would offer a more appropriate option rather than purchasing built units. The construction costs for these particular units would suggest that such an approach would not offer any additional financial benefit.
- 4.5 Whilst there is no absolute guidance on the value to be paid on the purchase of properties by Councils, they do have a fiduciary duty to make best use of public funds. Based on the valuation approach outlined above, it is considered to be a reasonable approach that provided the agreed price per unit of £250,000 less the grant funding secured from the GLA does not exceed standard valuations, then the purchase is considered reasonable as the grant funding would otherwise not be secured. The net cost to the Council is therefore £150,000 per unit.

## **5. CONSULTATION**

- 5.1 No consultation has been undertaken

## **6 PRE-DECISION SCRUTINY**

- 6.1 The purchase of these units has not been referred to Scrutiny.

## **7 FINANCIAL & RISK ASSESSMENT CONSIDERATIONS**

### **7.1 Revenue and Capital consequences of report recommendations**

The purchase will secure 24 new units for use as social housing at affordable social rents held within the HRA and with therefore be purchased by borrowing through the HRA rather than general fund.

The homes will offer secure step up accommodation and help reduce demand on more expensive housing options such as temporary and emergency accommodation. The purchase of a new property has the benefit of a 10 year NHBC certificate to cover any major defects and given the new status of the properties, repair and maintenance costs in the medium term will be considerably less than more traditional housing stock or street properties.

### **7.2 The effect of the decision**

The purchase of these units will improve the housing stock on offer to local residents and offer the opportunity for a secure permanent home.

### **7.3 Risks**

Consideration has been given to the financial risk around the loss of these units at a discounted price as a result of the Right to Buy. However, under current legislation, the discounts on new build properties are limited. Where the Council has recently purchased or built a property the level of discount may be reduced by the purchase price or the cost of works carried out by the Landlord in the 15 year period following the Council's acquisition/completion of build. Whilst the Council may therefore have to sell the property it will always receive as a minimum the original price paid for the unit which in this case would be £250,000 as the cost of the funding would not be taken into account.

There is not considered to be any other risk associated with the purchase of the properties. At the point of purchase the properties will be completed and detailed due diligence checks undertaken (to include Building Control, gas, electric and NHBC certification). It has also been demonstrated that the purchase price, given the availability of the GLA funding, offers value for money.

### **7.4 Options**

The Council could reject the purchase of these units and let Croydon Affordable homes purchase them but this would not allow the GLA funding to be used for these properties and their use would be for temporary housing than long term social housing.

### **7.5 Savings/ future efficiencies**

The purchase will provide potential revenue savings as the residents will be relocated from other forms of housing that is likely to cost the Council more in revenue terms although this is difficult to quantify given the variety of potential options

Approved by Lisa Taylor Director of Finance Investment and Risk and S151 Officer

## **8. LEGAL CONSIDERATIONS**

- 8.1 The Director of Law & Governance comments that the Council is making these acquisitions pursuant to its powers provided by s17 Housing Act 1985. The Council also relies on its general power of competence under s1 Localism Act 2011.

Approved by: Sean Murphy, Director of Law and Governance & Deputy Monitoring Officer

## **9. FREEDOM OF INFORMATION AND DATA PROTECTION CONSIDERATIONS**

- 9.1 Information requested under the Freedom of Information Act 2000 about the negotiations and purchase, which is the subject of this report, held internally or

supplied by external organisations will be accessible subject to legal advice as to its commercial confidentiality (or other applicable exemption) and whether or not it is in the public interest to do so.

## **10. HUMAN RESOURCES IMPACT**

- 10.1 There are no Human Resources impacts as a result of this decision

Approved by: Sue Moorman Director of Human Resources

## **11. EQUALITIES IMPACT**

- 11.1 The Council has a statutory duty to comply with the provisions set out in the Equality Act 2010. In summary, the Council must have due regard to the need to comply with the aims of the general equality duty. The Council uses equality analysis as a tool to assess the possible impact of changes on different groups of people, evidence how we arrived at decisions that affect council staff, local people who use our council services and the wider community and help us to comply with the requirements of the Equality Act 2010.

- 11.2 Having undertaken the relevant analysis it has been determined that there is no major change - the Equality Analysis demonstrates that the policy is robust and that the evidence shows no potential for discrimination and that all opportunities to advance equality have been taken;

Approved by: Yvonne Okiyo, Equalities Manager

## **12. ENVIRONMENTAL IMPACT**

- 12.1 All properties have been constructed in line with current Building Regulation requirements and are therefore more efficient than most of the existing social housing stock.
- 12.2 The day to day energy and water use will therefore be more efficient than older properties through the better use of insulation and technology.
- 12.3 The Council has a commitment to address environmental sustainability as an integral part of all activity. The Green Commitment and Environmental Procurement Policy are key relevant policies.

## **13. CRIME AND DISORDER REDUCTION IMPACT**

- 13.1 These homes have been built on former garage properties that previously attracted a degree of anti-social behavior and fly tipping. The presence of new homes will help improve the local area and improve the safety and security of local residents through the Safer by Design approach adopted as part of the planning process.

#### **14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 14.1 The purchase of these properties will add additional permanent social housing rather than intermediate or temporary housing solutions providing the next step for families and a more settled home environment with the many benefits that has to offer. The acquisition also allows the Council to secure GLA funding that would otherwise not be available through other routes.

#### **15. OPTIONS CONSIDERED AND REJECTED**

- 15.1 The initial proposal was for CAH to purchase these homes to allow them to let them at affordable rents. However, as they are not a Registered Provider (RP) they would not have been able to secure the GLA grant funding. If neither the Council or CAH were to purchase the properties then it is uncertain that another RP would purchase the units as there are limited numbers within each location and over the various sites that BBB are developing, they are geographically spread throughout the Borough which is likely to prove unattractive to most PRs.

#### **16. DATA PROTECTION IMPLICATIONS**

- 16.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

Approved by: S Wingrave on behalf of the Director of Housing and Social Inclusion

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**CONTACT OFFICER:** Steve Wingrave, Head of Asset Management and Estates ext 61512

**BACKGROUND DOCUMENTS:** Equalities Report

## Croydon Council

<b>DELEGATED DECISION REPORT TO:</b>	<b>Cllr Simon Hall Cabinet member for Finance and Resources and Cllr Alison Butler Deputy Leader and Cabinet Member for Homes and Gateway Services</b>
<b>SUBJECT:</b>	<b>Purchase of 9 Homes at Longheath Gardens for retention in the Housing Revenue Account</b>
<b>LEAD OFFICER:</b>	<b>Yvonne Murray Director of Housing Assessment and Solutions</b>
<b>CABINET MEMBER:</b>	<b>Councillor Alison Butler, Deputy Leader and Cabinet Member for Homes and Gateway Services</b>  <b>Councillor Simon Hall, Cabinet Member for Finance and Resources</b>
<b>Ward</b>	<b>Shirley North</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT:</b></p> <p><b>Corporate Plan - the proposals presented in this report will:</b></p> <ul style="list-style-type: none"> <li>• <b>Maximise the use of the Council's assets to deliver new homes, including affordable, private for sale and private rented stock</b></li> <li>• <b>Bring forward the development of key sites across the borough to address key local, national and regional policies</b></li> </ul> <p><b>Community Strategy – Development of sites enables the Council to deliver new homes and increase the supply of affordable homes, a key aspiration of the Community Strategy</b></p>	
<p><b>FINANCIAL SUMMARY:</b></p> <p>The purchase of the 9 Homes will be at a net cost to the Council of £1.28m plus costs as the acquisitions will be eligible for GLA funding of £100,000 per property as these Homes will be held within the HRA as social housing.</p>	
<p><b>FORWARD PLAN KEY DECISION REFERENCE NO.: 1220HGS</b></p> <p>The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.</p>	

The Leader of the Council has delegated to the Deputy Leader and Cabinet Member for Homes and Gateway Services in consultation with the Cabinet Member for Finance and Resources the power to make the decisions set out in the

recommendations below:

## **1. RECOMMENDATIONS**

- 1.1 That the Cabinet agree that the Council acquire 9 residential homes forming part of the Brick by Brick Longheath Gardens development for use as social housing to be retained within the Housing Revenue Account
- 1.2 Note that the purchase of the properties will benefit from GLA grant funding of £100,000 per unit

## **2. EXECUTIVE SUMMARY**

- 2.1 This report recommends the freehold purchase of 9 affordable rented homes which form part of a larger Brick by Brick (BBB) development.
- 2.2 The purchase of these Homes will allow the Council to benefit from GLA funding of £100,000 per unit that has been allocated for the provision of new social housing by the Council.
- 2.3 The residential unit on the site will be completed over the next 4 weeks ready for hand over to the Council.

## **3. BACKGROUND**

- 3.1 This development has utilised surplus land and former garage space within the existing housing estate. The land has been transferred to BBB who obtained planning consent for a mixed development of 53 shared ownership and affordable rented flats contained in 6 blocks (16/06508FUL) The development is now nearing completion and the affordable rented Homes will be ready to hand over at the end of March 2020.
- 3.2 The initial proposal was for the 9 shared ownership Homes to be sold to private purchasers. However, the Council has now secured GLA funding of £100,000 per home for the provision of new social Housing. At present the sale of these Homes by Brick by Brick to private purchasers has been delayed and therefore rather than leave the properties vacant given the urgent need for housing, the Council propose to purchase the Homes and retain them within the HRA. These properties will therefore qualify for GLA funding and will increase the social housing stock.

## **4. DETAIL**

- 4.1 The Council secured the grant funding from the GLA following their application under the Building Council Homes for London Programme that was submitted on 31 August 2019.

- 4.2 This funding can only be used by registered providers for the provision of affordable social housing. The GLA have approved the inclusion of these properties as being in line with their funding requirements and were included within the Council's successful grant application.
- 4.3 In assessing the valuation for these homes, consideration has been given to the market value approach for shared ownership properties in line with their planning status. The Council has secured £100k grant per property from the GLA Building Council Homes for Londoners Fund and this enables the Council to let these homes at social rents..
- 4.4 Consideration has also been given to the cost of construction for such Homes to see whether this would offer a more appropriate option rather than purchasing built Homes. The construction costs for these particular properties would suggest that such an approach would not offer any additional financial benefit.
- 4.5 The Council has already committed to purchasing 24 other Homes for retention within the HRA within this development and are looking at purchasing the remaining 20 as part of the Emergency Temporary Accommodation project.

## **5. CONSULTATION**

- 5.1 No consultation has been undertaken

## **6 PRE-DECISION SCRUTINY**

- 6.1 The purchase of these Homes has not been referred to Scrutiny.

## **7 FINANCIAL & RISK ASSESSMENT CONSIDERATIONS**

### **7.1 Revenue and Capital consequences of report recommendations**

The purchase will secure 9 further Homes for use as social housing at affordable social rents held within the HRA and will therefore be purchased by borrowing through the HRA rather than general fund.

The homes will offer secure step up accommodation and help reduce demand on more expensive housing options such as temporary and emergency accommodation. The purchase of a new property has the benefit of a 10 year NHBC certificate to cover any major defects and given the new status of the properties, repair and maintenance costs in the medium term will be considerably less than more traditional housing stock or street properties.

### **7.2 The effect of the decision**

The purchase of these Homes will improve the housing stock on offer to local residents and offer the opportunity for a secure permanent home.

### 7.3 **Risks**

Consideration has been given to the financial risk around the loss of these units at a discounted price as a result of the Right to Buy. However, under current legislation, the discounts on new build properties are limited. Where the Council has recently purchased or built a property the purchase price including any discount will not be lower than the purchase price paid by the Council or the cost of construction or works carried out by the Landlord in the 15 year period following the Council's acquisition/completion of build. Whilst the Council may therefore have to sell the property it will always receive as a minimum the original price paid for the unit which in this case would be between £220,000 to £260,000 as the cost of the funding would not be taken into account.

There is not considered to be any other risk associated with the purchase of the properties. At the point of purchase the properties will be completed and detailed due diligence checks undertaken (to include Building Control, gas, electric and NHBC certification). It has also been demonstrated that the purchase price, given the availability of the GLA funding, offers value for money.

### 7.4 **Options**

The Council could reject the purchase of these Homes and allow BBB to sell them to the market in due course but this could result in them being vacant for several months.

### 7.5 **Savings/ future efficiencies**

The purchase will provide potential revenue savings as the residents will be relocated from other forms of housing that is likely to cost the Council more in revenue terms although this is difficult to quantify given the variety of potential options

Approved by Lisa Taylor Director of Finance Investment and Risk and S151 Officer

## 8. **LEGAL CONSIDERATIONS**

- 8.1 The Director of Law & Governance comments that the Council is making these acquisitions pursuant to its powers provided by s17 Housing Act 1985. The Council also relies on its general power of competence under s1 Localism Act 2011.

Approved by: Sean Murphy, Director of Law and Governance & Deputy Monitoring Officer



## **9. FREEDOM OF INFORMATION AND DATA PROTECTION CONSIDERATIONS**

- 9.1 Information requested under the Freedom of Information Act 2000 about the negotiations and purchase, which is the subject of this report, held internally or supplied by external organisations will be accessible subject to legal advice as to its commercial confidentiality (or other applicable exemption) and whether or not it is in the public interest to do so.

## **10. HUMAN RESOURCES IMPACT**

- 10.1 There are no Human Resources impacts as a result of this decision

Approved by: Sue Moorman Director of Human Resources

## **11. EQUALITIES IMPACT**

- 11.1 The Council has a statutory duty to comply with the provisions set out in the Equality Act 2010. In summary, the Council must have due regard to the need to comply with the aims of the general equality duty. The Council uses equality analysis as a tool to assess the possible impact of changes on different groups of people, evidence how we arrived at decisions that affect council staff, local people who use our council services and the wider community and help us to comply with the requirements of the Equality Act 2010.
- 11.2 Having undertaken the relevant analysis it has been determined that there is no major change - the Equality Analysis demonstrates that the policy is robust and that the evidence shows no potential for discrimination and that all opportunities to advance equality have been taken;

Approved by: Yvonne Okiyo Equalities Manager

## **12. ENVIRONMENTAL IMPACT**

- 12.1 All properties have been constructed in line with current Building Regulation requirements and are therefore more efficient than most of the existing social housing stock.
- 12.2 The day to day energy and water use will therefore be more efficient than older properties through the better use of insulation and technology.
- 12.3 The Council has a commitment to address environmental sustainability as an integral part of all activity. The Green Commitment and Environmental Procurement Policy are key relevant policies.

### **13. CRIME AND DISORDER REDUCTION IMPACT**

- 13.1 These homes have been built on former garage properties that previously attracted a degree of anti-social behavior and fly tipping. The presence of new homes will help improve the local area and improve the safety and security of local residents through the Safer by Design approach adopted as part of the planning process.

### **14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 14.1 The purchase of these properties will add additional permanent social housing rather than intermediate or temporary housing solutions providing the next step for families and a more settled home environment with the many benefits that has to offer. The acquisition also allows the Council to secure GLA funding that would otherwise not be available through other routes.

### **15. OPTIONS CONSIDERED AND REJECTED**

- 15.1 The initial proposal was for the sale of the homes as shared ownership properties. However due to the delay in BBB being able to offer these to the market this would result in the properties being left vacant for several months. As the Council have already committed to purchasing 24 Homes for social housing within the scheme, it makes sense to secure further properties now that the opportunity has arisen.

### **16. DATA PROTECTION IMPLICATIONS**

- 16.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

Approved by: S Wingrave on behalf of the Interim Director of Housing and Social Inclusion

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**CONTACT OFFICER:** Steve Wingrave, Head of Asset Management and Estates ext 61512

**BACKGROUND DOCUMENTS:** None