

CABINET

16 APRIL 2013

GATEWAY 1 PROCUREMENT COMMENCEMENT: LOCAL WELFARE PROVISION (LWP) SCHEME

Portfolio Holder: Councillor David Brake, Adult Services

Report from: David Quirke-Thornton, Assistant Director, Adults Social Care

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Summary

This report seeks permission to commence the procurement for the operation and administration of Medway's Local Welfare Provision (LWP) Scheme from 1 July 2013 for a 21 month period, with potential for extension subject to funding.

As part of the Welfare Reform Act 2012, the Discretionary Social Fund scheme administered by the Department of Works and Pensions (DWP) will be abolished with effect from 1 April 2013. The responsibility for part of this discretionary scheme is transferring to local authorities to develop Local Welfare Provision Schemes.

This Gateway 1 report has been approved for submission to the Cabinet review and approval by CADMT on 2 April 2013 and the Procurement Board.

Children and Adults Directorate Management Team has recommended that this procurement project be approved as a Category B High Risk procurement project at Procurement Gateway 1 by Cabinet. This is because although this procurement project is a Services Category B High Risk procurement with a total contract value above £250,000.00, there are political implications and/or service sensitivities that Cabinet should be aware of.

These political implications and/or service sensitivities include:

- Impact on the lives of local vulnerable people in the event of an emergency or crisis
- Pressure and strain on existing local services and local partners

1. Budget and Policy Framework

The Social Fund has been abolished and some funding has been made available to Local Government to provide Local Welfare Provision (LWP)

schemes. Medway's Local Welfare Provision (LWP) scheme is therefore within the council's policy and budget framework from April 2013.

1.1 Service Background Information

Under the Welfare Reform Act (2012), the Department of Works and Pensions (DWP) is abolishing discretionary elements of the Social Fund, namely Community Care Grants and Crisis Loans from 31 March 2013 and are transferring some funding to Local Authorities to use as they see fit to meet local needs from April 2013.

The Discretionary Social Fund was comprised of 3 schemes:

SCHEME	SCHEME PROVISION UNDER DWP ADMIN	ADMIN RESPONSIBILITY FROM APRIL 13
Budgeting Loans (largest element of discretionary scheme)	<u>Interest free loans</u> to help people on benefits with limited access to credit options to assist with emergency expenses. Repayments direct from benefits.	New scheme "Budgeting Advances" will be provided by DWP.
Community Care Grants	Non repayable grants awarded for a range of household equipment to support vulnerable people to remain or return into the community or to ease exceptional pressure on families in crisis. Primarily to help vulnerable people live an independent life.	Abolished from 31 st March 2013, replaced with Local Welfare Provision (LWP) scheme.
Crisis Loans	<u>Interest free loans</u> available to anyone (whether on or not on benefits) who cannot meet their short term needs in the event of an emergency or disaster in three broad areas: <ul style="list-style-type: none"> o General living expenses o Items following disaster (white goods, furniture etc) o Alignment payments, to meet urgent need pending payment of benefit or wages. Repayments either through benefits or alternative arrangements if not receiving benefits.	Abolished from 31 March 2013 Local Welfare Provision (LWP) scheme. Alignment payments will be provided by DWP under "Short Term Advances".

A substantial amount of resource is currently spent by DWP on administering appeals which find that many applicants are not eligible as they are not in crisis and research suggests are seeking to treat the Social Fund as a benefits top-up, with "nothing to lose" by applying for it.

The current scheme only awards money to claimants. There is no guarantee that the money awarded is spent on the items claimed.

The DWP awarded Community Care Grants and Crisis Loans of £797k in 2011/12. This excludes Alignment Payments of £239k). (See Appendix 1 for more details on localised data relating to Crisis Loans and Community Grants for 2011/12).

This funding is not ring-fenced and Central Government has informed Local Authorities that there is no requirement for the service to be delivered in its existing form and Local Authorities have been encouraged to look at new ways of meeting the needs of local people living in their area.

The LWP will be operating as a grant and not as a loan scheme. The envisaged improvement is that claimants in a crisis situation are provided with a solution which is not typically in a monetary form but satisfies the need i.e. food, clothing, household goods etc.

1.2 Councils Strategic Priorities And Core Values

The procurement of this requirement directly links into the following Council Strategic Priorities and Core Values:

Core Values

- Putting our customers at the centre of everything we do.

This procurement requirement will deliver against the Core Value of 'Putting our customers at the centre of everything we do' through provision of a face-to-face service for customers in need of a assistance in a crisis situation

- Giving value for money

This procurement requirement will deliver against the Core Value of 'Giving value for money' through provision of an appropriate service provision to customers in need of assistance in a crisis situation such as provision of goods rather than cash.

Strategic Priorities

The procurement of this requirement directly links into the Medway Council Plan.

- Children and young people having the best start in life in Medway.
- Adults maintaining their independence and live healthy lives.

This procurement requirement will deliver against the above Strategic Priorities through provision of a face to face service for families where assistance is required to meet the short term needs in an emergency or crisis situation. By supporting vulnerable people to remain in, or return to the community and the ease exceptional pressure upon families.

1.3 Strategic Council Obligations

This procurement requirement links into the Medway Council Plan through delivery of priorities:

- Children and young people have the best start in life in Medway
- Adults maintain their independence and live healthy lives
- Other Strategic Council Obligations

This procurement requirement links into the other Strategic Council Obligations through delivery of a value for money service provision to meet the needs of vulnerable people in Medway in a crisis or emergency situation.

1.4 Departmental and Directorate Service Plans

This procurement requirement does not link into any Departmental/Directorate Service Plans.

1.5 Funding/Engagement From External Sources

Funding is being transferred from Central Government to administer the service and for service delivery. The confirmed funding is up to March 2015 and further funding is dependent on the outcome of Government Spending Reviews.

1.6 Urgency Report

This Gateway 1 Report and the associated decision is a matter of urgency for the Cabinet because the service must be procured in accordance with EU Procurement Regulations and be in place for 1 July 2013.

In line with rule 16.11 of Chapter 4, Part 5 of the Constitution, call-in can be waived where any delay likely to be caused by the call-in process would seriously prejudice the Council's or the Public's interests. The Chairman of the Health and Adult Social Care Overview and Scrutiny Committee has agreed that the decisions proposed are reasonable in all the circumstances and to them being treated as a matter of urgency and to waive call-in. This is because the Council takes on the responsibility of part of the Discretionary Social fund from 1 April 2012. The interim arrangement of 3 months allows for sufficient time for the Council to procure the longer-term contract. The value of this longer-term procurement requirement is above the EU Procurement Threshold for Services of £173,934.00 and in order to procure the service for the required date of 1 July 2013, the procurement process must commence in April 2013.

2. Background

2.1 Project Details

2.1.1 This procurement is for a Part B Service.

2.1.2 This report seeks permission to commence a new procurement project with a proposed duration of 21 months with a provision to extend for a further 24 months subject to funding availability. There will also be provision for the variations to the contract should the government funding change.

2.1.3 This procurement requirement is a standalone project with no linkage to any other procurement projects or procurement programmes.

2.2 Business Case

2.2.1 Procurement Project Outputs / Outcomes

As part of the successful delivery of this procurement requirement, the following procurement project outputs / outcomes within the table below have been identified as key and will be monitored as part of the procurement project delivery process.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
Advertising and signposting	Applicants routed to service from other partners such as DWP.	Client Financial Services Manager	Quarterly
Application process, eligibility and decision process	Applications and awards monitoring	Client Financial Service Manager	Monthly
Rejected applications	Number of rejected applications and reason	Client Financial Service Manager	Monthly
Appeals	Appeals/outcomes	Client Financial Service Manager	Monthly
Access to grants	Data on people accessing the service, including equalities data	Client Financial Service Manager	Monthly
Develop local networks with retailers for provision of service e.g. furniture	Data from provider on purchases and payments	Client Financial Service Manager	Monthly

2.2.2 Procurement Project Management

This procurement project will be resourced through the following project resources and skills.

The Category Management Team working closely with the Assistant Director of Adults Social Care and the Client Financial Service Manager will carry out the procurement process. Soft market testing has been conducted by the Service Department and identified interest from the local voluntary sector which could provide this service at a significantly lower cost through their existing established infrastructure.

2.2.3 Post Procurement Contract Management

The contract management of this procurement project post award will be resourced through the following contract management strategy:

The service provision which shall be linked to the specification and contract which shall include key performance indicators (KPI's) that shall be reviewed on a regular basis supported by the agreed monitoring and reporting data on applications, funding awarded, unsuccessful application and appeals. Regular checks and audits of systems and processes shall be conducted by the Client Financial Services Manager to verify robust controls are being maintained by the Service Provider.

2.2.4 Other Issues

There are no other issues that could potentially impact both the procurement process and overall strategic aims as identified within Section 1 Budgetary and Policy Framework

2.2.5 TUPE Issues

Further to guidance from Legal Services, Human Resources and the Strategic Procurement Team, it has been identified that there is the possibility that TUPE (The Transfer of Undertaking Regulations) could apply to this procurement process.

3. Options

In arriving at the preferred option as identified within Section 4.1 'Preferred Option', the following options have been considered with their respective advantages and disadvantages.

3.1 Do nothing

The option of doing nothing is not a viable option because Central Government has tasked Local Authorities with delivering this service locally from April 2013 with some funding.

3.2 In-house service provision

The option of providing this service in-house has been considered and below are the advantages and disadvantages of this option:

Advantages:

- Fits ethos of Customer Contact
- Improved working relationships with local suppliers

Disadvantages

- Requirement of space in a building suitable to deliver a front line service
- Requirement to buy in new IT system
- Recruit staff with in depth knowledge of the benefits system

To provide this service in-house additional accommodation within Riverside One, or an equally accessible building, would be required at the expense of Medway Council (costs are included in the exemption paper).

3.3 Using another local authority to deliver procurement requirements

The option of using another local authority to deliver procurement requirements has been considered but is not a viable option because any service provider needs to be local to Medway with a good understanding of the needs of our community.

3.4 Procurement via an EU compliant framework

No EU compliant frameworks have been identified from which Medway Council's procurement requirements can be satisfactorily delivered.

3.5 Formal tender process in line with Contract Procedure Rules

The option of formally tendering this procurement requirement solely in line with Medway Council's Contract Procedure Rules has been considered but this is not a viable option because the value of the requirement is above the EU Procurement Threshold for Services of £173,934.00 thus requiring this requirement to be subjected to a full EU Procurement Process.

3.6 Formal tender process in line with EU Procurement Regulations.

The option of formally tendering this procurement requirement in line with EU Procurement Regulations has been considered because the value of this procurement requirement is above the EU Procurement Threshold for Services of £173,934.00 and below are the advantages and disadvantages of this option:

Advantages

- Opportunity to find the most appropriate organisation to deliver this service
- Compliance with legislation and avoid legal challenge

Disadvantages

- None.

3.7 Internal Medway Council Collaboration between departments

The option of procuring requirements through internal collaboration between Medway Council departments in order to exploit economies of scale and synergies has been considered but no such opportunities exist.

3.8 External public sector collaboration (e.g. other Councils, Fire Service, PCT, Police)

The option of procuring requirements through external collaboration between Medway Council and other external public sector organisations in order to exploit economies of scale and synergies has been considered but no such opportunities exist.

3.9 Private sector collaboration e.g. Private Public Partnering/Private Finance Initiatives

The option of procuring requirements through private sector collaboration between Medway Council and other external private sector organisations has been considered but no such opportunities exist.

3.10 Procurement via a below EU Threshold Select List

The option of using a below EU Threshold compliant Select List to deliver procurement requirements has been considered but this is not a viable option because the value of the requirement is above the EU Threshold for Services of £173,934.00.

3.11 Other alternative options

No alternative options have been identified.

3.12 Other Information

Part of the central government funding for this service makes provision for administration costs. It is proposed Medway Council retain £20k per annum from this funding to cover the cost of managing and monitoring the contract.

4. Advice and analysis

4.1 Preferred option

Further to an extensive review of procurement options as highlighted within Section 3 'Options' above, the following preferred option is recommended to Cabinet including justification for this recommendation.

The preferred option is 3.6 Formal Tender Process in line with EU Procurement Regulations.

4.2 Equality Act 2010

A Diversity Impact Screening needs to be completed which would need to give assurance that a comprehensive, accessible and non-discriminatory service is available to residents in crisis across Medway. Advertising of the change in service provision will be necessary to ensure the public are informed.

4.3 Corporate Sustainability Plan

This procurement has no direct or indirect impact on the Council's Sustainability Plan.

4.4 Carbon Reduction Commitment Energy Efficiency Scheme (CRC)

This procurement has no direct or indirect impact on the Council's Sustainability Plan.

4.5 Other Information

5. Risk Management

5.1 Risk Categorisation

The following risk categories have been identified as having a linkage to this procurement project:

Procurement process	<input checked="" type="checkbox"/>	Equalities	<input checked="" type="checkbox"/>
Contractual delivery	<input checked="" type="checkbox"/>	Sustainability / Environmental	<input type="checkbox"/>
Service delivery	<input checked="" type="checkbox"/>	Legal	<input type="checkbox"/>
Reputation / political	<input checked="" type="checkbox"/>	Financial	<input type="checkbox"/>
Health & Safety	<input type="checkbox"/>	Other/ICT*	<input type="checkbox"/>

Risk Categories	Outline Description	Risk Likelihood A=Very High B=High C=Significant D=Low E=Very Low F=Almost Impossible	Risk Impact I=Catastrophic II=Critical III=Marginal IV=negligible Impact	Plans To Mitigate Risk
a) Procurement process	The process fails to procure a suitable Service Provider	D	II	Soft market testing has identified a market interest.
b) Contractual delivery	Provider may fail to fulfil contractual obligations.	E	III	Clear specification supported with contract regulation and contract management procedures.
c) Service delivery	Provider may fail to deliver the level and quality of service required	D	II	Regular contract monitoring supported by reporting and auditing regime.
d) Reputation / political	Inadequate service and negative impact on the Council's reputation	D	II	Robust contract management.
e) Equalities	Service provision must not discriminate.	D	II	Ensure equality policies are supported in practise. Monitoring the service, including, complaints and appeals.

6. Consultation

6.1 Internal (Medway) Stakeholder Consultation

6.1.1 Before commencement of the procurement process in order to direct the specification.

As part of this procurement project no internal stakeholder consultation is required before the commencement of the procurement project in order to direct the specification.

6.1.2 During the procurement process in order to aid the evaluation process.

As part of this procurement project no internal stakeholder consultation is required during the procurement process in order to aid the evaluation process.

6.1.3 Post procurement/tender award in order to aid the contract management process.

As part of this procurement project no internal stakeholder consultation is required post procurement/tender award in order to aid the contract management process.

6.2 External Stakeholder Consultation

6.2.1 Before commencement of the procurement process in order to direct the specification.

As part of this procurement project no external stakeholder consultation is required before the commencement of the procurement project in order to direct the specification.

6.2.2 During the procurement process in order to aid the evaluation process.

As part of this procurement project no external stakeholder consultation is required during the procurement process in order to aid the evaluation process.

6.2.3 Post procurement/tender award in order to aid the contract management process.

As part of this procurement project no external stakeholder consultation is required post procurement/tender award in order to aid the contract management process.

6.3 Other Information

7. Financial and legal implications

7.1 Financial Implications

7.1.1 This procurement requirement and its associated delivery as per the preferred option highlighted at Section 4.1 'Preferred Option' and the

recommendations at Section 8 can be met from the grant allocations outlined in the table under Section 1.1.

7.2 Legal Implications

This procurement requirement and its associated delivery as per the preferred option highlighted at Section 4.1 'Preferred Option' and the recommendations at Section 8, has the following legal implications which the Cabinet must consider:

There is the risk of potential legal challenges under TUPE (The Transfer of Undertaking Regulations 2006) by staff at the DWP who were providing this service. Whilst the council will not be liable as an employer in any future challenge, as it will be neither the "transferor" nor "transferee" of the service based on the proposed recommendations, the council may be joined as a party to future proceedings on the basis of being a commissioner of the service. It is important that the council complies with its Contracts Procedure rules and Public Contracts regulations 2006 to minimise the risks of legal challenge.

7.3 Procurement Implications

This procurement requirement and its associated delivery as per the preferred option highlighted at Section 4.1 'Preferred Option' and the recommendations at Section 8, has the following procurement implications which the Cabinet must consider:

The value of this procurement requirement is above the EU Procurement Threshold for Service of £173,934.00 and therefore must be undertaken in compliance with EU Procurement Regulations.

7.4 ICT Implications

This procurement requirement does not have any ICT implications.

8. Recommendations

8.1 Cabinet is requested to:

Approve the procurement of a Service Provider for the Local Welfare Provision Scheme to be undertaken in accordance with the EU Procurement Regulations.

9. Suggested reasons for decision(s)

9.1 The recommendations contained within Section 8 'Recommendations' above are provided on the basis of: -

As part of the Welfare Reforms, limited Central Government funding has been made available to provide a Local Welfare Provision Scheme.

Although this funding has not been ring-fenced, the Council has an obligation to support vulnerable local people in an emergency or crisis situation. This service provision links directly into the Medway Council Plan and will deliver against the Council's Strategic Priorities:

- Children and young people having the best start in life in Medway Council
- Adults maintaining their independence and live healthy lives

Lead officer contact

Name Title
 Department Directorate
 Extension Email

Background papers

The following documents have been relied upon in the preparation of this report:

Description of document	Location	Date
Local support to replace Community Care Grants and Crisis Loans for living expenses in England	Available online at: http://www.dwp.gov.uk/consultations/2011/local-support-replace-ccg-cl.shtml	June 2011
Medway Council Plan 2013-2015	Available online at: http://www.medway.gov.uk/councilanddemocracy/performanceandpolicy/councilplan.aspx	February 2013

APPENDIX 1

DWP DATA 2011-2012 – AWARDS

LOCALISED DATA 2011-2012															
Local Authority:		Medway													
Crisis Loans ALL				Crisis Loans (Alignment)				Crisis Loans (Living Expenses)				Crisis Loans (Items)			
Loan/Grant Type	Applications	Awards	Expenditure	Loan/Grant Type	Applications	Awards	Expenditure	Loan/Grant Type	Applications	Awards	Expenditure	Loan/Grant Type	Applications	Awards	Expenditure
Apr-11	820	650	£49,600	Apr-11	340	300	£18,600	Apr-11	380	300	£14,700	Apr-11	100	50	£16,300
May-11	970	780	£57,200	May-11	390	350	£22,500	May-11	490	390	£19,800	May-11	90	40	£14,900
Jun-11	920	740	£53,400	Jun-11	370	340	£21,500	Jun-11	460	360	£20,200	Jun-11	90	40	£11,700
Jul-11	820	670	£51,500	Jul-11	340	310	£19,100	Jul-11	390	310	£15,700	Jul-11	90	50	£16,700
Aug-11	880	710	£47,400	Aug-11	350	320	£20,200	Aug-11	430	350	£19,100	Aug-11	100	40	£8,100
Sep-11	920	790	£55,300	Sep-11	390	370	£22,600	Sep-11	450	370	£20,900	Sep-11	80	50	£11,800
Oct-11	800	670	£50,900	Oct-11	340	320	£20,500	Oct-11	370	300	£16,300	Oct-11	90	50	£14,100
Nov-11	870	670	£51,100	Nov-11	330	300	£18,600	Nov-11	440	330	£17,800	Nov-11	100	40	£14,700
Dec-11	690	540	£39,400	Dec-11	260	230	£16,900	Dec-11	370	280	£15,500	Dec-11	60	30	£7,000
Jan-12	950	760	£56,300	Jan-12	360	330	£20,800	Jan-12	510	390	£23,400	Jan-12	80	40	£12,100
Feb-12	920	730	£52,200	Feb-12	340	300	£20,000	Feb-12	500	390	£20,200	Feb-12	80	40	£12,000
Mar-12	910	700	£51,700	Mar-12	330	300	£18,200	Mar-12	490	360	£20,500	Mar-12	90	40	£13,000
			£616,000				£239,500				£224,100				£152,400
Community Care Grants															
Loan/Grant Type	Applications	Awards	Expenditure												
Apr-11	180	90	£31,400												
May-11	150	70	£25,800												
Jun-11	200	110	£44,300												
Jul-11	210	100	£50,300												
Aug-11	180	90	£35,400												
Sep-11	160	80	£34,900												
Oct-11	170	80	£34,000												
Nov-11	190	90	£39,700												
Dec-11	150	80	£30,200												
Jan-12	150	70	£29,000												
Feb-12	150	50	£23,200												
Mar-12	180	90	£42,700												
			£420,900												
Source:		http://www.dwp.gov.uk/local-authority-staff/social-fund-reform/localisation-data/													
Awards and applications are rounded to the nearest 10, expenditure is rounded to the nearest £100															
- denotes no applications or awards, or £0 expenditure															
# denotes less than 5 applications or awards, or less than £50 expenditure															

DWP DATA 2011-2012 – AWARD ANALYSIS

Medway				
2011/2012 (Full Year)	Crisis Loan Items	Crisis Loan Living Expenses	Crisis Loan Alignments	Community Care Grants
Awards & applications rounded to				
Summary				
Number of Applications received	1,030	5,290	4,150	2,070
Total expenditure	£152,300	£224,000	£239,500	£420,900
Number of Awards	500	4,130	3,750	990
Lone Parent Status				
Lone Parent	17%	17%	11%	29%
Not a Lone Parent	49%	51%	53%	34%
Unknown	34%	33%	36%	36%
Age of youngest child				
0-5	17%	18%	12%	29%
6-8	2%	3%	2%	5%
9-12	2%	2%	2%	5%
13-16	2%	1%	1%	3%
No children 16 or under	76%	75%	84%	58%
Age of recipient				
Under 18	2%	1%	2%	1%
18 to 24	31%	34%	40%	22%
25 to 34	27%	29%	29%	26%
35 to 44	24%	21%	17%	22%
45 to 54	11%	11%	9%	19%
55 to 64	3%	3%	3%	6%
65 to 69	1%	0%	0%	2%
70 to 79	0%	0%	0%	2%
80 to 89	0%	0%	0%	1%
90 and over	0%	0%	0%	0%
Unknown	0%	0%	0%	0%
Household type				
Couple	9%	11%	9%	18%
Single Female	36%	35%	27%	51%
Single Male	55%	54%	64%	32%
<i>Percentages may not sum to 100% due to rounding</i>				