

CABINET

8 APRIL 2014

GATEWAY 5 CONTRACT MANAGEMENT REPORT: EARLY HELP

Portfolio Holder: Councillor Mike O'Brien, Children's Services (Lead Member)

Report from: Barbara Peacock, Director of Children and Adults Services

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Summary

This report reviews the progress of eight of the current Early Help contracts. It also recommends Cabinet to approve the proposed changes to these contracts to bring local provision in line with the new Early Help Strategy and to meet required efficiency savings.

1. Budget and Policy Framework

1.1 The contracts under review are funded through Children's Services revenue streams categorised as the Preventative Fund and the Voluntary Sector Grant. Details of contract funding are given in the exempt appendix. Relevant policy includes Medway Council Children's Services Early Help Strategy, which in turn assists with the delivery of the following Council priority; "Children and young people have the best start in life in Medway Council", as set out in the Council Plan (policy framework). Efficiency savings of £488,000 are required from all VCS contracts for Children and Adults services (approximately 14%).

2. Background

2.1 Medway Council, in partnership with Medway CCG, funds a number of organisations to deliver a range of Early Help services for children.

2.2 The following services are funded in their entirety by Medway Council:

Service	Provider	Description	Contact Values
Crisis Intervention 10	Avante	One-to-one key-worker support for young people who are, or about to become homeless	Please see exempt appendix

Place2Be	Place2Be	Emotional and therapeutic support (1-1 and group) to students in 10 primary schools and 1 secondary school.	Please see exempt appendix
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2.3 The following services are funded mainly by Medway CCG, and recommendations regarding these services were considered and agreed by Medway CCG Finance and Performance Committee in March 2014.

Service	Provider	Brief description	Contract Values
LAC Services: Medway Challengers	Young Lives Foundation	A youth support and activity group for looked after children aged 5 – 18	Please see exempt appendix
Home-Start Medway	Home-Start Medway	Volunteer home-visiting support to vulnerable families with a child under-five.	Please see exempt appendix
New Directions Mentoring	Young Lives Foundation	Structured support and guidance to vulnerable young people at risk of offending and social exclusion.	Please see exempt appendix

2.4 There are also 3 low value annual grants funded by Medway Council. There are no formal contracts in place for these three grant funded services, and each is under the threshold for the procurement gateway process.

Provider	Description	Contact Values
Relate, Medway and North Kent	Relationship counselling for low income families	Please see exempt appendix
Medway Mediation	Peer Mentoring in Schools	Please see exempt appendix
KASBAH (Kent Association for Spina Bifida and Hydrocephalus)	Disability information	Please see exempt appendix

3. Options

3.1 The first option is to do nothing. This, however, would not realise any efficiency savings and would mean that Medway Council will continue funding arrangements that are not compliant with public procurement legislation. Additionally, those services that are also funded by the CCG are not delivering sufficient health outcomes.

3.2 The second option is as set out in the paper.

3.3 The third option is to decommission Place2Be to realise savings and do nothing to the other services. Doing nothing to the other seven services will still mean that Medway Council will continue funding arrangements that are not compliant with public procurement legislation. Similarly, those services that are also funded by the CCG will still not deliver sufficient health outcomes.

The Children and Adults Services DMT felt that decommissioning with immediate effect Place2 Be would destabilise a valued service to schools. Improvements are also required as part of the Improvement Notice to Children's Mental Health service and decommissioning this service immediately would not be in line with this.

4. Advice and analysis

4.1 All the services in question were initially funded through grant allocation. Service Level Agreements (SLAs) were put in place from 2008, and funding has been agreed on an annual basis since then. The procurement legislation requires that contracts should be "adequately" advertised and some form of fair competition run thereafter. Historically these arrangements have not been compliant with State Aid rules which prevent tax payer funded resources from being used to provide assistance to one or more organisations in a way that gives them an advantage over others, without a fair and competitive process.

4.2 The methodology for undertaking the review has been as follows:

- Meetings and discussion with service providers
- Request for written information including:
 - Referral and access processes
 - Volume of service delivered
 - Priority needs addressed
 - Outcomes information collated and evidence of outcomes achieved
- Service user views
- Other stakeholder views

The results of the review are fully detailed in the paper 'Outcome of Commissioned Services Review' discussed at the Children and Adults Directorate Management Team Meeting on 4 March 2014 and the following recommendations were agreed for Procurement Board's consideration, prior to submission of this report to Cabinet:

4.3 Crisis Intervention 10

Decommission the service from April 2014, giving a notice period of 3 months from April 2014.

Rationale:

- Only 8% of referrals are from Children's Services.
- There is a low take up of the service.

4.4 Place2Be

Cease to subsidise the service offered to academies with effect from April 2014, and to reduce support to around 10% of the current level by April 2015.

Rationale:

- This option would allow schools time to budget for retaining the service and release resources which could be reconfigured to meet emerging commissioning priorities.
- This service is very well regarded and provides good evidence of positive health outcomes, but it is not equitable to subsidise some schools and not others.
- Decommissioning the service would not be in line with our Improvement Notice which requires improvements in Children and Young People's Mental Health services.
- Academies receive extra funding to cover the cost of services that used to be provided by the local authority, and as such should not be subsidised by the Council.
- There are a number of types of provision and providers seeking to meet Tier 2 level needs of children and young people with emotional difficulties, leading to potential for duplication. This service area would benefit from an in depth needs analysis in order to commission effectively. Going to tender immediately on the basis of the current Place2Be specification would ensure the council's legal obligations are met, but the resultant contract may not be appropriately targeted and/or provide value for money.
- Retention of an small element of support, which will be in kind, will focus on enabling Place2Be to increase their reach with other schools through marketing their service

4.5 Home-Start

- Decommission, with 12 months' notice given from April 2014. In addition to this a reduction in funding of 14% in the last 9 months of the contract giving 3 months' notice from April 2014 in accordance with Compact.
- It is intended to commission a new service from April 2015 extending existing arrangements for a twelve month period will allow for service continuation and the development of a service specification to meet health and social care needs.

4.6 Medway Challengers Service

Terminate current contract arrangements from April 2014, giving a notice period of 6 months. It is intended to commission a new service which promotes the emotional and mental health of LAC.

4.7 New Directions Mentoring

Decommission the service from April 2014, giving a notice period of 3 months.

4.8 Low Value Grants

Relate Medway and North Kent, Medway Mediation and KASBAH

Decommission the services, giving a notice period of 3 months from April 2014, in order to release resources which could be reconfigured to meet emerging commissioning priorities.

Rationale:

- Funding for these services is historic rather than needs based.

- The small size of the individual contracts means monitoring activity is disproportionate to the value and impact.

4.9 Diversity Impact Assessments are attached at Appendices 1-8. For those services that are being decommissioned, officers will work with providers to ensure that the risk to service users is minimised. In respect of those services that it is proposed to recommission Homestart and Medway Challengers with new service specifications that deliver health as well as well-being outcomes, officers will work with the providers and services users in order to identify needs.

5. Risk management

5.1 The following risks have been identified for these contracts.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Political Reputational	Possible negative publicity due to decommissioning of services and funding cuts.	Communications plan to be developed in conjunction with Corporate Communications and the CCG (for jointly funded services)	D2
Equalities	Some of the services are for service users with one or more of the protected characteristics.	Diversity Impact Assessment undertaken for all services so the impact of change can be understood and mitigation put in place as appropriate.	D3

6. Consultation

6.1 Internal (Medway) Stakeholder Consultation
Internal stakeholder consultation took place with services aligned to the contracts under review, including children's social care, early years, CAST, Special Educational Needs team, Educational Psychology, housing, Independent Review Officers and Youth Offending Team.

6.2 External Stakeholder Consultation
As part of the review service users, providers and other external partners were consulted to gain information on the impact of these services. The views of service users were made available through providers or sought directly where these were unavailable.

7. Procurement Board

- 7.1 The procurement board considered this report on 19 March 2014 and supported the recommendations in section 10.

8. Financial implications

- 8.1 The proposals at paragraphs 4.2 to 4.7 would release cashable savings to meet 2014-15 savings targets and fund other commissioning priorities.
- 8.2 Further detail is contained within Financial Analysis of the Exempt Appendix.

9. Legal implications

- 9.1 In considering whether to implement the recommendations in section 3 of this Report, the Council must comply with the legal duties in section 149 Equality Act 2010 to have 'due regard' to the need to eliminate discrimination, advance equality, and foster good relations between people with protected characteristics and those who do not share them.
- 9.2 The Council must therefore have regard to these matters and consider the effect that the proposed recommendations would have in relation to equality before deciding whether and how to implement them.

10. Recommendations

- 10.1 **Crisis Intervention 10**
Decommission the service, giving a notice period of 3 months from April 2014.
- 10.2 **Place2Be**
Cease to subsidise the service offered to academies with effect from April 2014, and to reduce support to around 10% of the current level by April 2015.
- 10.3 **Low Level Grants (Relate Medway & North Kent, Medway Mediation and KASBAH)**
Decommission the services, giving a notice period of 3 months from April 2014.
- 10.4 **Home-Start**
Decommission, giving a notice period of 12 months from April 2014 and reduce the funding over the last 9 months of the contractual term by 14% in line with the savings requirements. Commission a new service to be in place by April 2015.
- 10.5 **Medway Challengers Service**
Terminate current contract arrangements giving a notice period of 6 months from April 2014. Commission a new service which promotes emotional and mental health of LAC.
- 10.6 **New Directions Mentoring**
Decommission the service giving a notice period of 3 months from April 2014.

11. Suggested reasons for decision(s)

- 11.1 The current funding arrangements have been based on grant allocation and Service Level Agreements (SLAs). As these services had been identified as on-going requirements they are required to be compliant with the Medway Council contract rules, public procurement rules, or state aid rules and therefore a competitive process carried out. This is has not be the process in the past.
- 11.2 An Early Help Strategy has recently been produced which identifies priorities for early help services, and all early help provision should be targeted on these areas of need.

Lead officer contact

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Background papers

Early Help Strategy	http://democracy.medway.gov.uk/mgIssueHistoryHome.aspx?Id=12004	11 February 2014
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