

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
AHWB 9 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Supporting People Framework Agreement			
<b>DIRECTORATE:</b>		Adults Health & Wellbeing			
<b>SERVICE AREA:</b>		Comm. & Strategy	<b>LEAD OFFICER:</b>		Deborah Cohen
<b>FINANCE CONTACT:</b>		Paul Thorogood			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
<b>£'000</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employees</b>					
<b>Others</b>	14,160	175	225		400
<b>Income</b>					
<b>TOTAL SAVINGS</b>	14,160	175	225		400
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? N – Please complete the table and also provide reference no. of corresponding bid):					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The proposal is to further reduce the cost of current Supporting People contracts through the implementation of a Framework Agreement for re-commissioning contracts.</p> <p>The original 2011/12 efficiency target of £760,000 for this project has been successfully met by individual contract reductions outside of the formal procurement process. To ensure fairness and consistency, this was achieved by reducing the unit cost thresholds and individual contractual reductions where providers were operating above this threshold. This approach ensured that the quality and capacity was not affected. The reductions were spread evenly across the broad range of SP client-group areas.</p>					

The further efficiency targets of £175,000 for 2012/13 and £225,000 2013/4 will be achieved through procuring contracts using the Framework Agreement

The framework commissioning process is currently under way to identify which suppliers will be awarded onto the framework for the specific "lots", with a decision to be made in early 2012. Once a decision is made all services will be called off against the framework during 2012- 2014 in line with a strategically identified call-off timetable. Re-tendering offers an excellent opportunity to improve services for some of the most vulnerable residents in the borough and drive through a programme of change to deliver personalised support services offering choice and control.

Services will be re-commissioned in line with the 2011-2016 LBTH Supporting People 5-Year Commissioning Strategy and other relevant strategies, i.e. Mental Health Accommodation Strategy, Older Peoples Accommodation Strategy etc.

The initial projections for cost savings have been made by calculating a reduction in the unit cost per hour from £21.00 to £19.00. It must be noted that this target stretches the original 5% reduction met by reducing these contracts in 2011-12. The ability to secure additional savings in this area will be restricted by this.

Final savings targets and the year in which these can be secured will be finalised once the call off timetable is finalised in Winter 2011 and the framework prices submitted as part of the invitation to tender in Spring 2012. Evidence from other inner London borough's that have implemented an SP Framework Agreement to procure services suggests that the £19.00 benchmark is realistic and achievable.

In line with Council policy, all call-offs from the Framework Agreement will be undertaken on the basis that London Living Wage is paid as a minimum salary.

The importance and value of supporting small, local and specialist suppliers to deliver high quality services will continue to be supported and promoted, therefore a number of measures have been implemented to maximise the benefit to local people by utilising local labour and developing opportunities for people who live within the borough or local area, particularly those from disadvantaged communities. One of the ways that this has been addressed is by helping local suppliers to be fit to compete, providing them with access to our business so that they have every opportunity to win the business on an even playing field. An independent organisation – "SITRA" who are the independent Trade body for small supporting people providers were commissioned to undertake this work. Additionally, the Framework Agreement PQQ tested supplier's commitment to this approach and successful bidders will be required to address Community Benefit as part of their contractual requirements.

2.	Service implications of saving:
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There is no immediate implication for services although we will need to ensure that these services for high risk and vulnerable individuals retain a cost threshold that does not adversely impact on risk to service users and staff teams.

We will also need additional resources to deliver the call off process within a tight timescale.

3.	Actions required to achieve saving:
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Invitation to Tender Evaluation to be complete and on target to complete January 2012  
 Call off timetable and required resources for its implementation to be agreed  
 All services to be individually called off against the framework over a two year period or shorter if possible.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

Resources will be required to manage the delivery of this programme amongst other programmes where efficiency targets are also identified.

**5. Other risk factors which could prevent this saving being achieved following implementation**

Providers not cooperating with the call off process or wishing to negotiate outside of the framework process.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

The commissioning process will achieve value for money in that it seeks to contract more of the same level of service for less, and ensure high quality through the evaluation process. This will be achieved through a combination of lower prices and different more flexible and personalised service delivery.