

# Plymouth Supporting People Procurement Strategy 2006 –2009

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## EXECUTIVE SUMMARY

This strategy sets out our approach to procuring housing related support services and the timetable for implementation. It is based on “Government procurement policy that requires all procurement to be based on value for money – that is the optimum combination of whole life costs and quality to meet the user’s requirement”.

The following 7 key objectives have been identified to form the basis of this strategy.

**Objective 1** – Implement a common framework for the procurement of Housing Related Support

**Objective 2** – Achieve cashable and non-cashable savings through a programme of re-commissioning

**Objective 3** – Identify joint commissioning opportunities and align systems and processes to facilitate this

**Objective 4** – Adopt a project management approach to the commissioning of Supporting People services

**Objective 5** – Seek to develop, expand or create markets where appropriate to facilitate more efficient service delivery.

**Objective 6** – Ensure that procurement processes and activities are fair, fully inclusive and promote equality of access.

**Objective 7** – Develop and implement a contract management system that effectively measures performance, delivers continuous improvement and maximises overall value for money for money for Supporting People services.

This strategy is based on our knowledge of the local Supporting People market and the work to date on the Value Improvement Project. In the first instance implementation will be through the Value Improvement Project until June 2006, after this it will form the basis of Supporting People procurement policy and will be implemented through mainstream Supporting People activities. The strategy will be reviewed to take account of lessons learned from the Value Improvement Project and other procurements on an ongoing basis.

## 1. INTRODUCTION

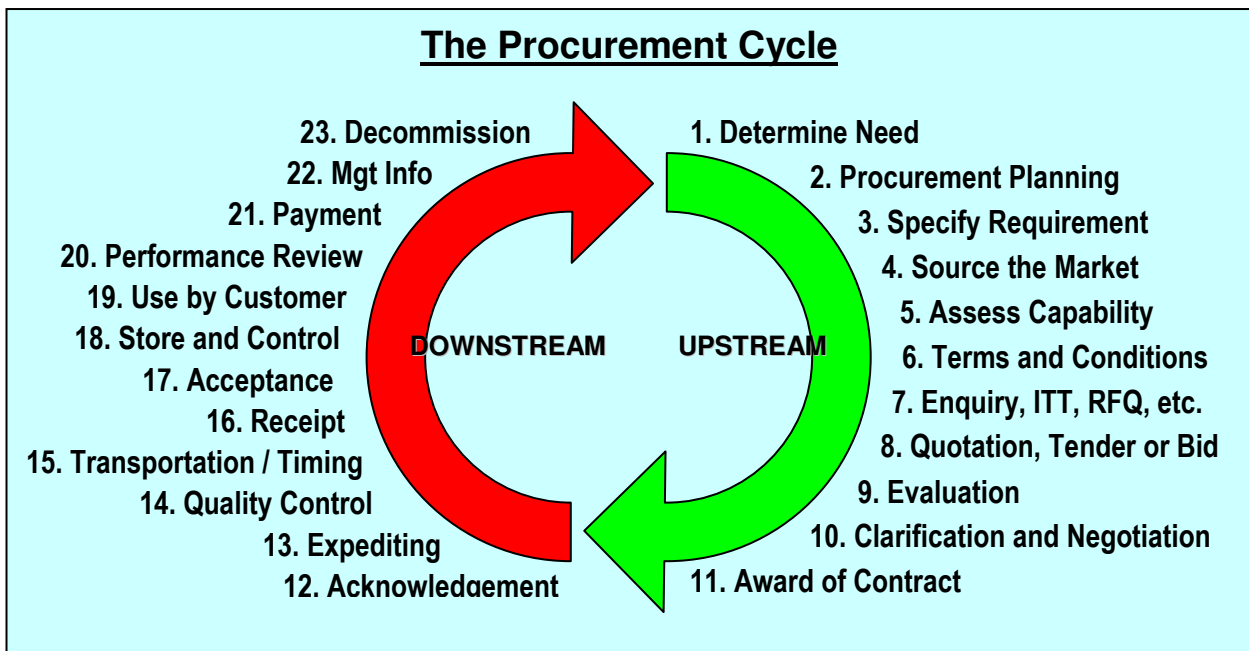
This strategy seeks to achieve the commissioning aims as set out in the Supporting People Five Year Strategy and Annual Plan and to align to the corporate procurement strategy 2004 - 07 “Delivering progress Through Procurement”

Within Plymouth the present Supporting People (SP) annual budget is £8.2 million. Current SP services are under interim contracts that expire on the 31<sup>st</sup> March 2005. All systems and processes to re-commission services will be designed with the aim of meeting the objectives identified in this strategy.

The Supporting People Value Improvement Project (VIP) is an Office for the Deputy Prime Minister (ODPM) funded initiative that aims to make cashable and non-cashable savings.

This will be achieved through the development and implementation of smarter procurement practices for the commissioning of Supporting People services. The work of the VIP in Plymouth has been used as a basis for identifying the procurement priorities detailed in this strategy.

The VIP plan covers the entire procurement cycle and is based on the principle that upstream activities add value and down stream activities add cost (see figure 1). Project activities therefore focus on developing and improving upstream activities that will lead to an overall reduction in the total cost of ownership.



**Figure 1.** The procurement cycle showing upstream and downstream activities.

## **2. SUPPORTING PEOPLE PROCUREMENT STRATEGIC OBJECTIVES**

### **Objective 1 – Implement a common framework for the procurement of Housing Related Support**

A standard procurement policy that represents best practice and focuses on delivering value for money will be developed and implemented by Supporting People.

The procedures in this policy will align with Corporate standards. A procurement flowchart showing standard procedures, actions and key decision points will form the basis of SP procurement policy. (See Annex 1 for draft copy of flow chart). This will be developed into a desk aid for use by staff undertaking procurement / commissioning activities. All procurements undertaken will follow the procedures detailed in the flow chart.

The flow chart and desk aid will be reviewed every 6 months to incorporate any system or process updates.

### **Objective 2 – Achieve cashable and non-cashable savings through a programme of re-commissioning**

### Three Year Procurement Plan

All SP services will be reviewed, remodelled and recommissioned in line with the three year procurement plan in Annex 2. This plan is based on an assessment of priorities as they stand at the time of writing this strategy. However priorities and opportunities may change and the plan will therefore be reviewed at 6 monthly intervals.

Those Providers with services not initially subject to priority action within the action plan will be subject to renegotiation of existing contracts. These will be subject to using standard Plymouth City Council Terms and Conditions.

### **Objective 3 – Identify joint commissioning opportunities and align systems and processes to facilitate this**

Joint Commissioning Opportunities with other Plymouth City Council departments / programmes, partner agencies and organisations across the city will be identified.

Opportunities for joint commissioning between Supporting People, Adult and Children's Services and Plymouth Primary Care Trust will be mapped and implemented through an agreed timetable of re-commissioning.

Additional opportunities with other partner agencies will be identified as sectors are remodelled and service solutions identified as well as through day-to-day networking of the Supporting People team.

Supporting People procurement plans will be adjusted to accommodate joint commissioning opportunities as they are identified

All potential joint commissioning opportunities will be investigated.

A joint commissioning approach (separate, parallel, joint or integrated) will be established for each opportunity. This will include assessment of potential benefits in terms of service integration, standardisation of processes, documentation, quality and prices, improved market management, economies of scale and reduced contract management costs. Any benefits achieved will be recorded as value for money savings.

Supporting People documents and procedures will be developed in line with corporate standards to facilitate joint commissioning

Standard Plymouth City Council documentation will be used wherever it is available and fit for purpose. These will be used for all inter departmental commissioning exercises.

Supporting People will work with external partner organisations to reach agreement on the format of documents to facilitate joint commissioning.

### **Objective 4 – Adopt a project management approach to the commissioning of Supporting People services**

Supporting People will adopt a project management approach based on PRINCE 2 for procurements valued in excess of £75K.

The purpose of such an approach is to establish a project management framework for the purchasing of housing related support that ensures that we are clear about what we are buying and that there is a clear business need.

All sectors before entering into a procurement phase will be subject to a critical appraisal through the completion of a business case. This process will ensure that the need for the service is still required, that it is in line with the current strategic and policy framework, and that it highlights potential and preferred service solutions. This document will then be formulated into a Project Initiation Document (PID) which will demonstrate how the preferred service solution will be delivered.

A contract manager will be assigned to each procurement project. The contract manager will be responsible for developing a project plan with outline timescales.

**Objective 5 – Seek to develop, expand or create markets where appropriate to develop a wide base of potential suppliers with greater choice and more competition.**

Develop capacity of the market to facilitate achievement of value for money through competitive procurement

Supporting People will support both existing and potential providers to develop the capacity to both bid for and deliver Supporting People contracts. This will be achieved by:

- Delivering training to Providers on how to tender for Supporting People business
- Produce a 'How to do Business Guide' and circulate to all identified potential providers as required
- Produce a 'How to use the Devon Procurement Portal [www.devontenders.gov.uk](http://www.devontenders.gov.uk) Guide' and circulate to all identified potential providers as required
- Identify and circulate information on potential sources of funding and support
- Hold 'Meet the Buyer' events to provide information on specific tender exercises as and when they are required.
- Utilise standard documents and Terms and Conditions

Develop an ideal market position

Procurement Marketing –

Supporting People will develop relationships with key suppliers in order to become preferred customers i.e. we will identify opportunities for making ourselves more attractive so that suppliers concentrate efforts on the delivery and development of our services over other contracts.

Communications with providers and other stakeholders will be improved through development and implementation of a consultation strategy. This will include making sure that providers are fully aware of tender opportunities as they arise.

A market management approach to provider relationships will be developed. Resources and development activities to improve performance and value for money will be undertaken according to the size and importance of the contracts held by the provider. Systems and processes that are proportional to the size and complexity of the contract will be developed to facilitate this.

Key providers delivering strategically critical contracts will be identified and the potential for the development of future partnership arrangements will be investigated.

Reverse Marketing –

For each procurement exercise an analysis of the supply market will be carried out. Where this identifies a weak position for Supporting People e.g. one dominant supplier or a group

of suppliers colluding to drive up costs or gain advantage then Supporting People will stimulate new market entrants by:

- Sourcing new suppliers to enter the market
- Encourage existing suppliers of another service to diversify their activities in order to fulfil the unmet needs.

Affirmative Improvement Programmes –

Through ongoing consultation with providers key issues and problems affecting the delivery and performance of services will be identified. Supporting People will work with the providers to solve these problems and share the benefits of any improvements. The following four areas have been identified by the VIP for improvement activities:

- Reduce the administration burden of Supporting People contracts
- Develop specifications that can realistically be delivered
- Improve performance monitoring systems
- Identify and set realist performance targets

Create a level playing field in which both large organisations and SME's have the opportunity to compete.

VIP market scoping activities indicate that the majority of potential Supporting People providers currently in the market can be classified as SMEs (Small to Medium sized enterprises) i.e. employ less than 250 members of staff. It is also accepted that the majority of ethnic minority businesses are small businesses, employing fewer than 50 people (Commission for Racial Equality (2002) *Race Equality and Procurement in Local Government: A Guide for authorities and contractors*. pp115).

Supporting People recognises the benefits of having a supply base made up of a balance of both larger organisations and SMEs. Through consultation with the supply base, Supporting People will identify and take action to remove barriers for SMEs competing for Supporting People business. By packaging contracts, opportunities for both large and small organisations will be created and where SMEs cannot develop the capacity to deliver the specified requirements individually sub-contracting and consortium bids will be encouraged.

**Objective 6 – Ensure that procurement processes and activities are fair, fully inclusive and promote equality of access.**

Supporting People are committed to promoting equality of opportunity, good race relations and eliminating unlawful discrimination by building equality into all aspects of the procurement cycle. All Supporting People procurement activities will be aligned with corporate objectives, Race Equality Scheme, Equal Opportunities Policy as well as to national policies

Table 1 is based on a procurement cycle developed by the Commission for Racial Equality to show how promotion of race equality should be built in to all procurement activities. Supporting People will use this as a model to be applied to all aspects of equality and will review and adapt procurement systems, processes and documentation in order to implement this.

Key stakeholders will be identified at the start of the procurement process and a consultation plan developed as part of the Procurement Planning stage of the procurement

cycle. This plan will include consultation with existing service users and potential service users (where appropriate) and will identify how they will inform the design and delivery requirements of the service throughout the procurement cycle.

To ensure fair access, all materials and documentation issued in the course of procurement activities will be made available in different formats on request.

To encourage a broad spectrum of applicants and to help remove barriers for minority groups, all adverts and invitation documentation for contracting opportunities will contain welcoming statements that re-enforce our commitment to equality of access.

	<b>Stage in Procurement Cycle</b>	<b>Activities</b>	
<b>UPSTREAM ACTIVITIES</b>	1. <b>Determine Need</b> 2. <b>Procurement Planning</b>	<ul style="list-style-type: none"> <li>Decide if equality is a core requirement</li> <li>Consult users and potential users</li> <li>Evaluate existing provisions and identify improvements</li> <li>Consult Providers</li> </ul>	
	3. <b>Specify Requirement</b> 4. <b>Source the Market</b> 5. <b>Assess Capability</b> 6. <b>Terms and Conditions</b>	<ul style="list-style-type: none"> <li>Include all equality requirements</li> <li>Include requirements for fulfilling commitments in Plymouth City Council Race Equality Scheme</li> <li>Include non-discrimination contract clauses</li> <li>Include relevant clauses to promote equality</li> </ul>	
	7. <b>Enquiry, Invitation to Tender, Request for Quotation</b> 8. <b>Quotation, Tender or Bid</b>	<ul style="list-style-type: none"> <li>Check no history of discrimination</li> <li>Check ability to promote equality in employment and service delivery</li> <li>Give all information about authority</li> <li>Give copy of Equality Scheme</li> <li>State equality evaluation criteria</li> <li>State evidence to be submitted</li> </ul>	
	9. <b>Evaluation</b> 10. <b>Clarification and Negotiation</b> 11. <b>Award of Contract</b>	<ul style="list-style-type: none"> <li>Apply relevant criteria relating to equality</li> <li>Evaluate offer to identify which represents best value for money and can meet all the requirements</li> </ul>	
	<b>DOWNSTREAM ACTIVITIES</b>	12. <b>Acknowledgement</b> 13. <b>Expediting</b> 14. <b>Quality Control</b> 15. <b>Transportation / Timing</b> 16. <b>Receipt</b> 17. <b>Acceptance</b> 18. <b>Store and Control</b> 19. <b>Use by Customer</b> 20. <b>Performance Review</b> 21. <b>Payment</b> 22. <b>Management Information</b> 23. <b>Decommission</b>	<ul style="list-style-type: none"> <li>Check contracts performance meets equality requirements</li> <li>Act promptly to improve poor performance</li> <li>Help with difficulties</li> <li>If poor performance persists take enforcement action</li> </ul>
		<b>Review</b>	<ul style="list-style-type: none"> <li>Review success or failure to promote equality</li> <li>Note lessons for future contracts</li> </ul>

**Table 1.** Equality in the procurement cycle

**Objective 7 – Develop and implement a contract management system that effectively measures performance, delivers continuous improvement and maximises overall value for money for Supporting People services.**

To ensure value for money and continuous improvement are achieved, a Supporting People contract management framework will be developed and implemented. This will be designed in such a way that systems and processes, reporting requirements and frequency of visits are proportional to the value and complexity of the contract(s) held by the provider. A baseline risk assessment will be carried out for each contract and the risk rating awarded will be used to determine the frequency and intensity of contract monitoring. In this way resources will be directed to areas where there is the potential to make the greatest impact.

Key performance indicators will be agreed for all contracts and used to measure performance. All new contracts will be awarded using contract documentation that empowers Supporting People to take appropriate action where agreed delivery requirements, including performance are not being met. Supporting People will work with poor performing providers to develop action plans for improvement. However, if after an agreed time period performance levels continue to be poor, the contract breach clause will be employed and alternative service solutions sought.

**3. DELIVERING THE STRATEGY**

Delivery of the strategy will be undertaken by the VIP until June 2006. After this it will be incorporated into the Supporting People mainstream work and the potential to roll out across wider community care commissioning will be fully explored. This will be underpinned by support from the Strategic Procurement Unit.

**4. MANAGING THE STRATEGY**

The strategy will be reviewed annually to ensure that it continues to reflect the policies and objectives of the Supporting People Programme, the Council and wider government initiatives.

The VIP Board and the Commissioning Body will monitor progress against this strategy on a continual basis.

# Plymouth Supporting People

## High Level Procurement Plan – 2006 to 2009

The table below is an attempt to provide a structured timetable to procure and re-procure services. By looking at sectors and sometimes cross sectors it provides the opportunity to procure services strategically and design services that are holistic in their scope and provision. However it needs to be recognised that priorities may change and sectors/services may not always be procured in line with timetable. Contracts will thus have to be designed to facilitate this.

Sector	Timescale	
	From	To
Young Persons	March 2007	March 2008
Domestic Violence	March 2007	March 2008
Single Homeless / Rough Sleepers	March 2007	March 2008
HIV / AIDS	March 2007	March 2008
Learning Disability	May 2007	April 2008
Mental Health	October 2007	September 2008
Older Persons	October 2007	October 2008
Homeless Families	February 2008	February 2009
Offenders	April 2008	April 2009

(subject to the Executive Group for Tackling Domestic Abuse)