

DELEGATED POWERS REPORT NO.

1994

SUBJECT: Award of Contract to Family Fund

Control sheet

All of the following actions MUST be completed at each stage of the process and the signed and dated report MUST be passed to the Governance Service for publishing

All reports		
1. Governance Service receive draft report	Name of GSO Date	DPR 15/3/13
2. Governance Service cleared draft report as being constitutionally appropriate	Name of GSO Date	Paul Frost 16/3/13
3. Finance clearance obtained (<i>report author to complete</i>)	Name of Finance officer Date	John Hooton/Maria Christofi 19/3/13
4. Staff and other resources issues clearance obtained (<i>report author to complete</i>)	Name of Res officer Date	Sarah Murphy-Brookman 15/3/13
5. Strategic Procurement clearance obtained (<i>report author to complete</i>)	Name of SPO Date	Kevin Bates 19/3/13
6. Legal clearance obtained from (<i>report author to complete</i>)	Name of Legal officer Date:	Sheila Saunders 19/3/13
7. Policy & Partnerships clearance obtained (<i>report author to complete</i>)	Name of P&P officer Date	Andrew Nathan 19/3/13
8. Equalities & Diversity clearance obtained (<i>report author to complete</i>)	Name of officer Date	Andrew Nathan 19/3/13
9. The above process has been checked and verified by Director, Head of Service or Deputy	Name Date	Bill Murphy 14/3/13
10. Signed & dated report, scanned or hard copy received by Governance Service for publishing	Name of GSO Date	Andrew Charlwood 2/4/13
11. Report published by Governance Service to website	Name of GSO Date	Andrew Charlwood 3/4/13
12. Head of Service informed report is published	Name of GSO Date	Andrew Charlwood 3/4/13
Key decisions only:		
13. Expiry of call-in period	Date	N/A
14. Report circulated for call-in purposes to Business Management OSC members & copied to Cabinet Members & Head of Service	Name of GSO Date	

ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER (EXECUTIVE FUNCTION)

Subject **Award of Contract to Family Fund**

Officer taking decision Chief Operating Officer

Date of decision 19 March 2013

Summary

Barnet's new Crisis Fund scheme comes into operation on 1 April 2013. It was originally planned that the administration of the scheme would be undertaken by Capita within the scope of the New Support and Customer Services Organisation contract. With the delay in service commencement, alternative arrangements have to be made on a short timescale. A key part of the administrative process is the fulfilment of awards under the scheme, i.e. the provision to successful claimants of white goods, furniture, clothing, food, cash and other items. Given the absolute need to have a scheme in place from 1 April this proposal seeks approval for a waiver of the Contract Procedure Rules under section 5.8.2 to procure a managed Crisis Fund Fulfilment service from Family Fund for the first year of the scheme. In parallel formal market test will be undertaken to identify suitable alternative suppliers in the event that the delay in Service commencement of the New Support and Customer Services Organisation.

Officer Contributors Uwa Akpata

Status (public or exempt) Public

Wards affected All

Enclosures None

Reason for exemption from call-in (if appropriate) N/A

Key decision No

Contact for further information: Uwa Akpata 0208 359 2730

1. RELEVANT PREVIOUS DECISIONS

- 1.1 17 December 2012 - Cabinet agreed the proposals for local welfare provision to replace elements of the Social Fund, to be called the Barnet Crisis fund.

2. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 2.1 The Corporate Plan 2012-13 states that “we will continue to drive costs out of the Council through transforming our internal organisation”. To meet the Council’s corporate priority of “Better services with less money” there is a strategic goal to maximise improvements and savings in back office functions
- 2.2 The Council’s approach to achieving its savings targets includes going out to the market to provide services where this provides efficiency savings

3. RISK MANAGEMENT ISSUES

- 3.1 A supplier to deliver the fulfilment of Crisis Fund awards is required by 1 April 2013 otherwise the Council will not be able to issue awards under its local welfare scheme (the Barnet Crisis Fund). The potential recipients of the award are people who could be suffering poverty that could adversely affect their health or safety, or who need help to rehabilitate or maintain themselves in the community (e.g. on release from prison or other institution).

4. EQUALITIES AND DIVERSITY ISSUES

- 4.1 The Equality Act 2010 requires that a public body, in the exercise of their functions, must have “due regard” to the need to: (a) eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act; (b) advance equality of opportunity between different groups; and (c) foster good relations between different groups. The Council in extending the contracts has considered the potential impact on the protected groups, pursuant to the Equality Act 2010.
- 4.2 Any contract with Family Fund will include the usual equality and diversity clauses that we include in all supplier contracts.

5. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 5.1 Three options have been considered for the administration of the fulfilment of Social Fund.
- 5.2 **Option1:** To seek to deliver the fulfilment process through existing corporate contracts that provide similar items to customers of council services, for example in Children’s and Adult Social Services. However there are no such contracts in place with any suppliers as Children’s and Adult Social Services provide such services through an imprest account system to issue cash or vouchers since the volumes are not large.

5.3 **Option 2:** - In the absence of existing corporate contracts with suitable suppliers, consideration was given to administering the fulfilment by council officers. However, the volume of demand (around 6,000 awards per annum with a value of £750,000) would require staff costs of around £27,000 per annum adding considerably to the cost of administering the Crisis Fund Scheme. Furthermore the Council would not be able to obtain any discount or bulk buy savings on purchases made in this manner.

5.4 **Option 3** – Award the contract to a single managed service supplier who will provide a complete service with minimal managerial overhead from the council. Based on a survey of other London authorities, Family Fund are the only known suppliers in this field that provide a complete managed fulfilment service and additionally offer a 3.5% discount on all purchases. The value of the contract with Family Fund would be £5,000, but the purchases through the contract could be up to £750,000 per annum hence the requirement to go through the Official Journal of European Journal procurement process. A Procurement Information Notice (PIN) has been issued to test the market for other possible suppliers.

Option	Pros	Cons
1. Use existing contracts	If feasible, would easily meet implementation deadline	Infeasible – no suitable contracts exist at present
2 In-house fulfilment	No procurement delay	Staff would need to be recruited and trained accounts to be set up with a large range of suppliers Cost £27,000 pa
3 One-year contract with Family Fund, plus market testing	Established managed service supplier 3.5% refund on all purchases Opportunity to transfer to a more competitive supplier after 1 year Cost £12,000 pa	Procurement delay (although can be achieved by 1 April)

5.5 Given the tight timescales it is proposed to award a contract to Family Fund one year to provide a fulfilment route for the Crisis Fund that will meet the essential start date of 1 April and will give us some continuity of supply to cover the period beyond the expected New Support and Customer Services Organisation service commencement date, to allow the New Support and Customer Services Organisation supplier some time to either continue with this arrangement or make alternative arrangements. This option is expected to be up to £14,000 cheaper per annum than an in-house solution. Family Fund has been cited by the DWP as an organisation capable of delivering on a contract such as this.

5.6 In parallel a formal market test using the Supply 4 London Portal to see if another supplier emerges within the year as this is a new market opening and other organisations could gear up to deliver this service. This is to ensure that the full tender process can be applied in the event that Capita are unable to take over the New Support and Customer Services Organisation contract owing to the judicial review.

- 5.7 The scheme is entirely funded by a non ring fenced grant of £800,000 and a further £168,000 administration grant from the DWP per annum.

6. LEGAL ISSUES

- 6.1 Although the proposed contract, with Family Fund will be for six months only, the value and subject matter brings it within the operation of the Public Contracts Regulation 2006 (as amended). The full European procurement regime applies so as to require the contract to be carried out in accordance with the Rules. Consequently there is a risk of challenge in relation to the 'award of the contract to Family Fund.

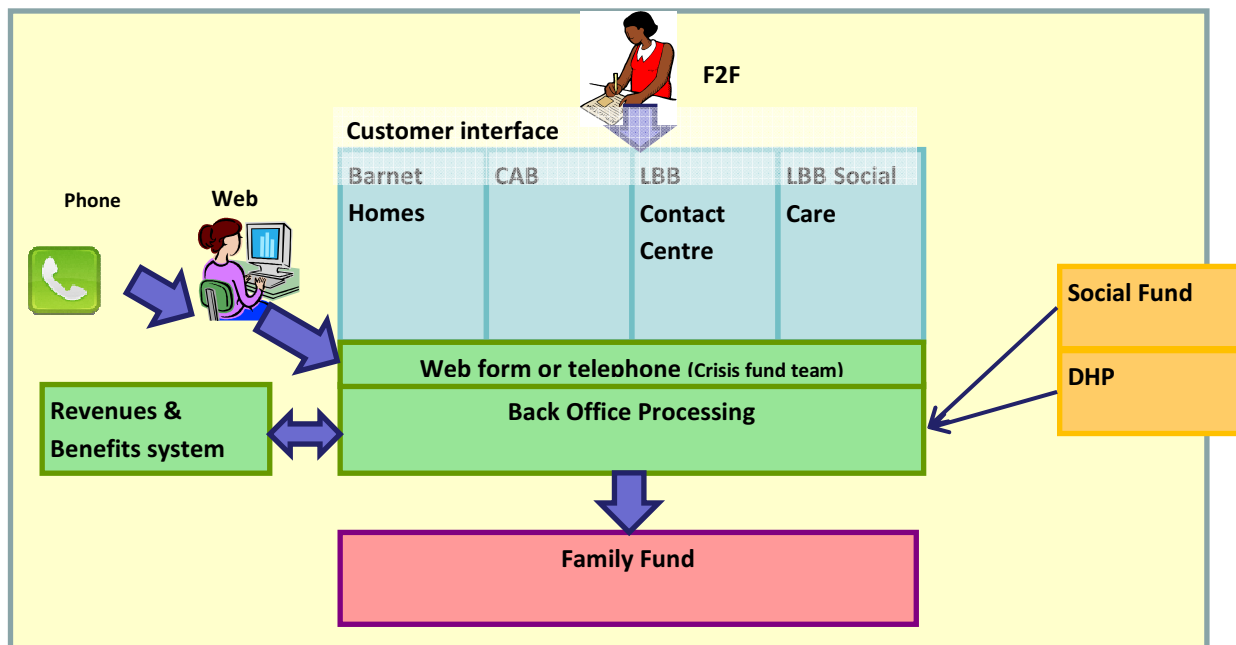
7. CONSTITUTIONAL POWERS

- 7.1 The Councils Constitution, Responsibility of functions, Section 6.1 states that Chief Officers can discharge functions allocated to them that fall within their sphere of managerial or professional responsibility and is not significant in terms of budget or policy.
- 7.2 Section 5.7 of the Contract Procedure Rules state that: 'Directors/Assistant Directors may take decisions on urgent or emergency matters as set out in the Leader's Scheme of Delegation providing they report afterwards to the relevant decision making body setting out the reasons for the urgency. Such decisions include waiver of the Contract Procedure Rules where this is justified on the basis of urgency and one or more of the matters set out in 5.8 below.'
- 7.3 Section 5.8 of the same rules state
'Except in situations of urgency or emergency (see 5.7 above) the Contract Procedure Rules may only be waived on the decision of Cabinet Resource Committee and only where that Committee is satisfied, after considering a written report by the appropriate officer, that the waiver is justified because:
- 5.8.1 the nature of the market for the work to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Procedure Rules is justifiable; or
 - 5.8.2 the contract is for works, supplies or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or
 - 5.8.3 the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English Law); or
 - 5.8.4 there are other circumstances which are genuinely exceptional
- 7.4 A waiver of the Contract Procedure Rules on Barnet Tender/Quotation Procedure section 6 of the CPR's is being requested under section 5.8.2 because it was originally planned that the administration of the scheme including the Fulfilment would be undertaken by Capita within the scope of the New Support and Customer Services Organisation contract. With the delay in service commencement until at least 1 May, alternative arrangements have to be made on a short timescale.

8. BACKGROUND INFORMATION

8.1 As part of the welfare reform programme, the Government is transferring responsibility for the administration of discretionary elements of the 'Social Fund' from the Department of Work and Pensions to local authorities from 1 April 2013. Barnet has been allocated £168,000 to administer the scheme and a non ring fenced amount of 800k for awards made by the scheme. Cabinet agreed the design of Barnet's local scheme on 17 December 2012.

8.2 Overview of the scheme



8.3 All applications for discretionary hardship support will be made to either the council or one of a number of partners, including Citizen Advice Bureau, Charities and Barnet Homes. There will be a single electronic application process, accessible by claimants on-line, or via telephone/face-to-face interaction with council officers and other professionals who would have access to the 'Crisis Fund' system.

8.4 Determination of applications for support will be undertaken centrally by Civica using the Civica Discretionary Awards Module, which will be integrated with the existing Civica Open Revenues Housing and Council Tax Benefits system. This will check the financial status and other details of applicants for hardship support against the records in Open Revenues where appropriate.

8.5 Applications will be evaluated against defined criteria, including:

- Basic eligibility, e.g. nationality, age, length of residence in Barnet, benefits
- Claimant's previous history of applications for hardship support
- Level of savings accessible to the applicant
- Domestic circumstances of the applicant, including whether they are in a defined vulnerable group
- Nature of the requested support (e.g. financial or otherwise)

8.6 Decisions will be made within a short timescale, with higher priority being given in emergency cases. Those refused support will be signposted to other agencies outside the Council who may be able to help.

- 8.7 Delivery of financial awards will be made via a number of mechanisms, including BACS transfer, redeemable voucher or pre-paid debit card specifying the items to be purchased.
- 8.8 The scheme is to be managed by the Council's Revenues and Benefits Service and will fall under the umbrella of the New Support and Customer Services Organisation contract awarded to Capita that was due to commence on 1 April 2013. Following the postponement of the transfer date to Capita pending the outcome of the request for a Judicial Review, it has been decided to meet the requirement for the administration of applications to the Crisis Fund by varying the existing contract with Civica for the supply of IT and administrative services.
- 8.9 Civica does not have the capability to execute the fulfilment of awards. There is therefore a need to either undertake this in-house or to engage with a fulfilment supplier. Three main options have been considered, as shown in the table in 5.4.
- 8.10 Given the analysis above and the pressing need to have a solution in place for the start of the scheme on 1 April 2013, it is proposed to adopt Option 3 by engaging in a one year contract with Family Fund with a break clause at six months. The expected expenditure in the six months period will be £375,000. Towards this end the contract with Family Fund will need to be signed by urgently to enable the system set up by 1 April 2013. At the same time it is proposed to continue to test the market for suitable managed service fulfilment suppliers through the PIN and the Supply 4 London Portal. In the event that suitable alternative suppliers emerge during this process, an OJEU tendering exercise would be carried out in case Capita are unable to take over the New Support and Customer Services Organisation contract onwards.

9. LIST OF BACKGROUND PAPERS

- 9.1 None

10. OFFICER'S DECISION

I authorise the following action:

- 10.1 To Award Family Fund the contract to provide fulfilment services for the Crisis Fund for six months from 1 April 2013**

Signed

Chris Naylor

Chief Operating Officer

Date

19 March 2013