

EAST HERTS COUNCIL

COMMUNITY SCRUTINY COMMITTEE - 27 JANUARY 2009

REPORT BY HEAD OF COMMUNITY AND CULTURAL SERVICES

7. OPTIONS FOR THE COMMUNITY MEALS SERVICE

WARD(S) AFFECTED: All

'D' RECOMMENDATION - that Community Scrutiny Committee

(A) reviews the options and information presented to the Executive on 6 January 2009 in relation to the future of the community meals service at the end of July 2009 when the current contract with the WRVS comes to an end;

(B) comments on the Executive's decision to support option 'D', as outlined in the report submitted - that is, to accept Hertfordshire County Council's (HCC) offer to assume responsibility for the provision of community meals in the district after the end of the current contract with WRVS at the end of July 2009; and

(C) comments on the Executive's decision that, in the event that HCC is unable to assume responsibility for the contract on 1 August 2009, the current contract with WRVS be extended for three months or until such time as HCC is able to commence the new arrangement.

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1.0 Purpose of Report

1.1 To establish, in principle, a preferred option for the future provision of Community Meals (CMs).

1.2 To allow Community Scrutiny Community to receive this report as requested by the Executive at their meeting on 6 January 2009.

2.0 Contribution to the Council's Corporate Objectives

2.1 Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.

### 3.0 Background

- 3.1 Following a review of a previously fragmented, inconsistent and partial service, the Council procured, through a tender process, a new seven day a week contracted service for three years, with the WRVS, which started on 31 July 2006 and ends on 30 July 2009. The service currently delivers approximately 65,000 meals a year to 260 clients. Hertfordshire County Council (HCC) reimburses the Council for 27% of the cost; this percentage is based on an assessment of the number of HCC customers in the previous pre-contract arrangement. The net expenditure to the Council in 2006/07 was £194,648 (half year of the new contract); £ 221,600 in 2007/08; the estimate net expenditure for 2008/09 is £175,850 (having taken into account the estimated HCC contribution for 2008/09 of £60,000).
- 3.2 As reported to Community Scrutiny on 23 July 2008, the new service has been largely successful. Officers are very pleased with the way WRVS run the service. Customer satisfaction levels are high. Internal audit delivered a favourable review in October 2008.
- 3.3 The Council's options for the future of the service are addressed in this report. In considering the options, the Committee is invited to note that the Council does not have a statutory responsibility for the service, whereas HCC, as the statutory social services authority for the area, does.

### 4.0 Report

#### Options

#### 4.1 Option A – re-tender.

- 4.1.1 The Council could re-tender for a new three-year, or longer, contract. The outcomes and subsidy levels resulting from such an exercise are likely to be approximate to those achieved at present.
- 4.1.2 If this option were to be adopted, then it may be that better terms could be achieved by letting a contract for longer than the current three years, and some economies of scale might be achieved if a partner local authority could be found to jointly tender; however, to date, no potential authorities have been identified.

- 4.1.3 If option A were to be the preferred option, arrangements for a formal tender procurement process would start in January 2009 in order to allow sufficient lead in time to the end of the current contract.
- 4.2 Option B – extend existing contract.
- 4.2.1 The Council should only apply this option on a short-term basis if there were particular reasons for needing to extend the contract, and, as such, this option is presented as a contingency only.
- 4.3 Option C – let the current contract terminate and make no alternative arrangements for the provision of the service.
- 4.3.1 As a non-statutory provider the Council could, if it wished, not provide any subsidy for this service after the end of the current contract and take no part in arrangements for future service delivery.
- 4.4 Option D – accept HCC’s offer to take responsibility for the provision of Community Meals in the district and to enter into a three-year tapered subsidy arrangement for the hand-over of the service.
- 4.4.1 HCC has invited all Hertfordshire district and boroughs to hand over responsibility for the delivery of community meals to the county working in partnership with their sponsored social enterprise Hertfordshire Community Meals(HCM).
- 4.4.2 HCM was established in 2007 as a result of joint work between HCC, North Herts, Stevenage and Watford Councils. HCM is an independent, not for profit social enterprise, that has an agency agreement to deliver the Community Meals service on behalf of HCC. Its first contract was in North Herts DC where it took over responsibility from the district council in 2007. In 2008, Stevenage and Watford ceased to provide a Community Meals service and transferred responsibility to HCC, with the service being provided by HCM. A strength of the proposed arrangement would be that East Herts would not suffer the risk around cost per meal increasing due to reduction in numbers, because the contract is already dealing with large numbers.
- 4.4.3 The basic financial model being offered by the county to the district/borough councils is to make a three-year subsidy payment to HCC tapering incrementally to zero subsidy by the start of the fourth year.

- 4.4.4 If East Herts Council was to enter into this arrangement, the first year subsidy would be the actual costs of the service as modelled on HCM/HCC's agreed price to the customer together with agreed start up costs associated with the transfer. Current modelling shows that the first year costs would no more than the current net subsidy for the service in 2008/09. In the second year, the subsidy payable to HCC would be reduced by one third. In the third year, the subsidy would be reduced by a further third. In the fourth year, there would be no subsidy payable by East Herts Council for the service.
- 4.4.5 The service offered by HCM is comparable to that of the current service in terms of the scope and quality of the offer. The only significant change would be the charge to the customer which would be pitched at a rate approved by HCC, as appropriate to the local service business model and comparable charges across the county.

## 6.0 Consultation

6.1 The financial model as described as Option D in this report, formed part of the 2009/10 budget stakeholder consultations. When stakeholders were asked about the option overall the:

- Groups were largely in favour of opting into the county contract.
- All groups wanted to ensure that any price rises would be staggered
- People felt that it was important that those who least could afford it were financially supported; One group felt that the council subsidy should continue to ensure this.
- Groups were keen for quality to be maintained or improved.

## 7.0 Legal Implications

7.1 HCC's project officer informs that HCC's legal position in relation to the procurement issues is that, should East Herts Council choose to not extend the contract or re-tender the service after the end of the contract with WRVS, HCC would be free to procure a service through HCM without the requirement to go through a tender process. East Herts Council's Head of Legal and the Procurement Officer agree with this advice.

## 8.0 Financial Implications

8.1 The future financial implication of adopting Option D is being modelled through the Council's medium term financial plan. The medium term financial plan was submitted to Community Scrutiny of 27 October 2008.

## 8.0 Human Resource Implications

8.1 As with the financial and other implications, the human resource implications are dependant on whichever option is adopted. Should option D be adopted then the human resource implications would be largely between WRVS and HCM although East Herts Council would have a responsibility to consult with WRVS on transfer arrangements.

## 9.0 Risk Management Implications

9.1 If option A was to be adopted, a tender procurement process would have to start in January 2009 to allow sufficient time to procure a new service.

## Background Papers

None

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