



Contract Manager  
Sheltered Services Staffordshire

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Our Ref: JM/AE

CONFIDENTIAL

Date: 31 August 2011

Dear Contract Manager

### **Sheltered Housing Accommodation Contracts**

I am writing to advise you of the current position with the sheltered housing accommodation based contracts that you hold with Staffordshire County Council for the provision of housing support services.

As you will be aware the current contracts are due to expire 30<sup>th</sup> September 2011. The County Commissioner for Older People and Prevention is in discussion with legal and procurement colleagues to appraise the future procurement options open to the council for these accommodation based services, with a view to seeking a waiver to extend the contracts for a further specified period. In support of this option there is a requirement to present a robust Business case to John Tradewell, Director of Law & Democracy, which presents the arguments in support of not tendering these services through an open market tender and which considers the wider impact on providers, service users and the sheltered housing market.

The Business Case further requires that the council is able to demonstrate that the current services offer good value for money in the current market through an evaluation of the current pricing structure across local sheltered housing services. A review of unit costs has been undertaken in respect of appraising the impact of the removal of the 20% pricing 'cushion' from the Staffordshire Value for Money Framework.



The JCU is a partnership between Staffordshire County Council,  
South Staffordshire PCT and NHS North Staffordshire

The implementation of this change will support the Business Case in demonstrating an equitable pricing mechanism across all sheltered housing services. This will have an impact on a limited number of providers. It is proposed that in support of the business case to extend existing contracts, introduction of the new pricing mechanism will be implemented from 1<sup>st</sup> April 2012 through a contract variation. Informal discussions have already commenced with the providers affected by this proposed change and I plan to write separately to those providers detailing the contract price changes to individual services once a decision has been made on the Business Case.

The work required in preparation of the Business Case is now complete and it is anticipated that a decision will be made on the way forward over the next few weeks.

In the meantime, I hope that you are reassured that we are striving to reach a positive contractual compromise in ensuring continuity and sustainability of these services whilst meeting the legal requirement of the County Council's Procurement Regulations.

I will confirm in writing the decision reached on this matter once the discussions with our legal colleagues have concluded.

In the meantime if you have any queries please do not hesitate to contact us.

Yours sincerely

*Jill Mogg*

**Operations Manager**