APPENDIX C - PROCUREMENT OPTIONS APPRAISAL

Option 1 – PSR direct award for April 2027 (using process C or most suitable provider routes)

Strengths / Benefits	Risks & Issues
Allows us to retain the current, high performing provider.	Does not allow for testing of the market – there is always the chance that another provider could perform better or could be lower cost although VFM investigations do not support this likelihood.
Reduces the risk associated with potential transfer to a new provider (loss of staff, TUPE, transfer of service users, impact on performance etc).	May set an expectation with the provider that work will always be awarded through this process. May lead to complacency although this could be managed through strong contract management and provider relationship.
More efficient use of resource in the LA, including commissioning, legal, CSU etc.	Alternative providers may challenge the use of Direct Award Process if they felt that the required criteria were not met (mainly satisfactory performance by the current provider). Evidence in this report suggests this would not be successful, this recommendation is in line with procurement advice.
Compliant process, permitted through Regulation.	PSR sets out a financial limit on how much the contract value can increase via this process. Staying within this limit may impinge on the contract length and/or scope.
Relatively quick process, allowing new contract to be in place from April 2027 with a further year available under the old contract in case of delays.	
Allows for award in 2027 rather than April 2028 when LGR may take up a lot of legal/procurement services and other capacity in the LA.	
Ensures continuation of the same provider across LLR which will be of benefit when disaggregation of the contract is required through LGR.	

Option 2 – PSR competitive process for April 2028

Strengths / Benefits	Risks & Issues
Allows for testing of the market – there is always the chance that another provider could perform better or could be lower cost although VFM investigations do not support this likelihood.	Open to challenge by the current provider unless we have grounds for a material change in offer (unlikely) or poor performance (little evidence of this currently).
Opportunity to design the service as required without any concerns about making material alterations to the contract/specification.	Limited market for SU providers currently, we may not get an alternative bidder and damage relationships with our current provider by going through competitive process unnecessarily.
	This would be a less efficient use of LA staff (commissioning, legal, CSU etc) given we are already achieving good value for money with the existing provider.
	Unclear rationale for taking this route given PSR allows us to make a direct award and the current provider is performing well/VFM appears strong.
	Potential for this to cost more as well as less – limited market and if we damage relationships with existing provider, they may want to increase costs to cover risk.
	New providers may be wary of bidding, inheriting existing costs (e.g. TUPE etc) without a transitional fund to support with this (increasing cost).
	Risk of destabilising a strong performing area of work. Would require time and effort from provider that could be put into service delivery and create uncertainty for staff. We may see this impacting on performance.
	A potential new provider could bring further change e.g. to buildings, branding and access arrangements whilst a transfer could increase staff turnover. All of which could impact on those accessing the service.
	Could result in a new provider entering the local market which would add to the complexity when disaggregating for LGR.
	The prospect of disaggregation through LGR may put off any new providers from applying - they would be applying for a footprint and budget that would not stand longer term.