

Report of the Commissioning Manager

Report to Director of Children's and Families

Date: 14 July 2017

Subject: Request to award the White Rose Children Looked After Interim Residential Framework Agreement - DN245859



Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4(3) Appendix number: 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. The report seeks approval to award an interim framework agreement to the providers listed at Appendix 1 to this report for the provision of Residential care services for children.
2. Within the provisions of the 1989 Childrens Act, Local Authorities have statutory duties in relation to the protection, accommodation and care of children and young people The other authorities based in Yorkshire and the Humber Region have the same responsibilities as vested in Leeds under the legislation and discussions held between the commissioning teams of these authorities identified the potential to work together. This is to shape and develop the provision available within the region to deliver a high quality provision for the young people in receipt of the services whilst demonstrating value for money in respect of the cost of the placements.
3. The participating authorities are Barnsley MBC, Bradford, Calderdale, Doncaster, East Riding, Hull, Kirklees, Leeds, N Lincs, NE Lincs, Rotherham, Sheffield, Wakefield and York.
4. The award is for an interim framework agreement from August 2017 to August 2018 with the option to extend for a further period of 1 x 12 months in duration.

Recommendations

5. The Director of Children and Families is recommended to award the White Rose Children Looked After Interim Residential Framework Agreement to the organisations identified at Appendix 1.

1 Purpose of this report

- 1.1 The report seeks to award an interim framework agreement to a number of organisations providing residential care for children looked after.
- 1.2 Service delivery models submitted have been evaluated and deemed appropriate by the project team (tender evaluation summary is attached as Appendix B).
- 1.3 The contract value in year 1 is £25,000,000 across the participating authorities with the maximum contract value for Leeds being £15,000,000.
- 1.4 Call offs against the framework will initially be made against those providers whose service models and prices have determined that they are placed in tier 1. Subsequent call offs will be made against tiers 2 and 3 in the event that a placement cannot be made within tier 1.

2 Background information

- 2.1 The White Rose Children Looked After Interim Residential Framework Agreement is between the named placing Authority and the named provider of residential care to the young people placed. The overarching legislation is enshrined within the provisions of the Childrens Act 1989 and specifically within the guidance and regulations volume 5: Childrens Homes.

- 2.2 Within the provisions of the 1989 Childrens Act local authorities have statutory duties in relation to the protection, accommodation and care of children and young people. It states:

Every local authority shall provide accommodation for any child in need within their area who appears to them to require accommodation as a result of:-

- a) there being no person who has parental responsibility for them;
- b) there being lost or having been abandoned; or
- c) the person who has been caring for them being prevented (whether or not permanently, and for whatever reason) from providing them with suitable accommodation or care.

- 2.3 All providers must ensure all homes comply with the Children's Homes Regulations 2015 and the National Quality Standards set out in the Children's Homes Regulations 2015.
- 2.4 Leeds City Council currently spends approximately £12.5 million with Residential Care Providers to meet its obligations as enshrined within the Children's Act and where the relevant placement procedures followed by the council have identified that the placement of the

young person with an external residential care provider represents the best choice for the young person.

- 2.5 The placement of the young people with the providers of residential care continues to exert significant pressure on budgets within children's and families.
- 2.6 The council also maintains its own internal residential provision. The contracted provision engaged against this contract will have no bearing on this internal provision and any policies in respect of this internal provision can be undertaken without placing the council in breach of contract.
- 2.7 Leeds City Council is actively engaged on a project entitled 'turning the curve' which has as its principal target a reduction in the need for children and young people to be in care.
- 2.8 There is now a Strategic Commissioning Group (SCG) which meets every 6-8 weeks to discuss the issues. This is to shape and develop the provision available within the region to deliver a high quality provision for the young people in receipt of the services whilst demonstrating value for money in respect of the cost of the placements.
- 2.9 The participating authorities are Barnsley MBC, Bradford, Calderdale, Doncaster, East Riding, Hull, Kirklees, Leeds, N Lincs, NE Lincs, Rotherham, Sheffield, Wakefield and York.
- 2.10 The SCG is made up of key officers from the participating authorities. This includes officers from commissioning, procurement, legal and professionals with specific service responsibilities.
- 2.11 Work streams were developed with Leeds City Council being given the responsibility to manage the procurement exercise. Leeds was also identified as being the lead authority in respect of the formal contracts to be established with the providers of the services.
- 2.12 To meet the timescale for implementing a new contract and to reduce disruption to the market, Strategic Commission Group agreed to put in place an interim contract arrangement under the existing residential specification.

3 Main issues

Reason for Contract award

- 3.1 The contract documents were established to ensure that the responders to the tendering opportunity clearly understood the requirements of the participating councils.
- 3.2 The contract documents comprised appropriate documentation for a scheme of this nature and included specification, framework

mechanism, quality framework documentation, pricing documents, terms and conditions and instructions to bidders.

- 3.3 The contract is to be let on the basis of the establishment of a tiering system of providers. Providers would be allocated to one of three tiers allocated to each area of activity and home size with the providers who provided the best responses in terms of the price and quality of their bid being placed in tier 1. Those providers in tier 1 would be offered the opportunity of the placement in the first instance with bidders in tiers 2 and 3 subsequently being contacted in the instances where the tier 1 providers are unable to provide a place that matches the needs of the young person.
- 3.4 Tiers will be established across the following placement needs :
 - Lot R1 – Core Residential Care,
 - Lot R2 – Specialist Residential Care,
 - Lot R3 – Specialist Residential Care and School Placement and
 - Lot R4 – Parent and Child Assessment Placements.
- 3.5 The evaluation of the bids was undertaken on the basis of 50% of marks being attributed to price and 50% of marks being attributed to quality.
- 3.6 Price would be evaluated by multiplying the current number of placements across the participating authorities relative to each placement need by the price for the placement submitted by each tenderer.
- 3.7 Quality was established across a range of questions established by the project team with full details of the criteria against which bidders would be judged being published within the bid documentation. This included questions on the recruitment, training and professional development of staff, initial and on-going assessment of the children and young people and safeguarding.
- 3.8 On-going quality of provision when the framework is established will be monitored through the quality assurance framework documentation that was issued with the bid documents and will form the basis of the management of the contract during its lifetime.
- 3.9 To ensure that the market-place of providers was engaged in the process and prior to the publication of the bid documents an open day was held on 4 October 2016. This facilitated presentations by key members of the project team and round table discussions between the project team and the providers.
- 3.10 The opportunity was made available to providers by publication of the documentation on Leeds City Council's YORtender system on 29 March 2017. The opportunity was published utilising the Light Touch Regime (LTR) based on the EU open process which entailed the issue

of a pre-qualification questionnaire (PQQ) at the same time as the bid documents. An official notice was also published in the official journal of the European Union.

- 3.11 A corrigendum was later published updating information contained within the advert also allowing more time for bidders to response to the advert. This was published on the 19 April 2017.
- 3.12 On-going support was made available to bidders during the period when the tender was out via the dialogue function available on YORtender.
- 3.13 Bids were received on 16 May 2017 from 45 organisations.
- 3.14 The evaluation of the pre-qualification questionnaire was undertaken by colleagues within Leeds and including assessments on references, recent OFSTED ratings, safeguarding and financial stability of the organisation. The employment of clinical staff in respect of Lots R2 and Lots R3 was also assessed.
- 3.15 Evaluation teams were nominated with participants from each authority. Training and instruction were made available where necessary to ensure a consistency of approach was evident throughout the process.
- 3.16 Evaluation teams were established with a nominated officer from the participating authorities being given the responsibility to lead the evaluation on a specific question within the tender evaluation model.
- 3.17 Evaluation team leaders were provided with the responses to the evaluation questions by each bidder. These were evaluated by the team on an individual basis.
- 3.18 Team leaders were then responsible for undertaking moderation meetings to arrive at a consensus score for each bidder relative to the particular question being evaluated.
- 3.19 One of the evaluation questions was developed in conjunction with young people. This was facilitated through the voice and influence team and entailed the young people taking an active part in the determination of the quality score.
- 3.20 When completed the evaluation scores attributed to each bidder were returned to Leeds City Council for insertion into the price quality evaluation model. This is attached at Appendix 2 to this report. Appendix 3 shows the pricing and tiering information.
- 3.21 20 organisations failed the assessment in respect of not meeting either the overall 50% minimum quality threshold or scored 2 or less on a particular question, which is an outright fail. Some organisations may have bid for more than one Lot and been successful in other Lots.

- 3.22 The prices submitted by the bidders were inserted into the model to provide a score relative to their position in relation to costs submitted by the other bidders.
- 3.23 Post tender negotiation was specifically asked to be part of evaluation process regarding price. Under the Light Touch Regime, this is allowed as long as the bidders are informed in advance.
- 3.24 An assessment was made of the prices submitted by the providers with highest price increases.
- 3.25 This exercise identified that it would be advantageous to the group to enter into post tender negotiations with the group. This was in respect of all lots.
- 3.26 All providers were invited to consider re-submitting their price for the lots that they had initially applied for.
- 3.27 The post tender negotiation was in the form of a conference call. 11 of the organisations chose to participate in this further phase.
- 3.28 Reductions were received. The post tender negotiation process achieved reductions from 5 providers offering straight price reduction or an increased usage discount. The scale of the reductions was from 6.00% to 3.0%.
- 3.29 The utilisation of standard specifications specific to each of the Lots should ensure that authorities are placing young people in establishments most suited to their needs, whilst reducing the scope for providers to be adding transactional activity not suited or required for the young person placement.
- 3.30 Upon completion of the evaluation process, a full due diligence exercise was undertaken to ensure that the figures incorporated into the model were accurate in all respects.

Consequences if the proposed action is not approved

- 3.31 Purchases of residential care would continue across the region in an uncoordinated fashion with the market place seen to lead on the nature and quality of the provision.
- 3.32 The qualitative benefits as anticipated within the framework would not be realised.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Chief Executives and DCSs have been updated during the progress of the project. The Director of Childrens and Families signed a

delegated decision giving authority for Leeds to participate within the collaborative process.

4.1.2 The leaders of the respective Councils involved have been updated during the progress of the project, by individual representatives.

4.1.3 Young people were engaged in the evaluation of the submissions.

4.1.4 The provider market was consulted and engaged.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 The Equality Impact Assessment screening exercise has been undertaken and indicated no adverse equality impact to the service users, staff and the wider community.

4.3 Council policies and Best Council Plan

4.3.1 The principles of the turning the curve project are enshrined within the project.

4.3.2 One of the key obsessions within Children's and Families Directorate is in respect of looked after children and this obsession was reflected in the documentation and the quality evaluation model used within the process.

4.3.3 The quality assurance framework to be utilised during the operation of the framework will continue to ensure that quality of provision is absolutely critical in the delivery of the services.

4.4 Resources and value for money

4.4.1 The contract will benefit from standard pricing throughout the region and some savings were achieved using the post tender negotiation. High levels of service through regular contract management.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The opportunity was advertised on Leeds City Council's YORtender system and the Official Journal of the European Union and was advertised on the basis of contract commencing 8 JULY 2017 for a period of one year with the option to extend for a further period of one year. The extended period of evaluation and negotiation has resulted in a proposed commencement date of August 2017 with the longevity of the framework being maintained as advertised i.e. a period of one year with the option to extend.

4.5.2 This Interim contract is only open to the participating councils for Duration of the Contract Term.

4.5.3 Appendices 1, 2 and 3 to this report have been marked as confidential under Access to Information Procedure Rules 10.4 (3) on

the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to interests of that person or of the Council.

4.5.4 The decision to award the contract is classified as a key decision and is on the forward plan.

4.5.5 To comply with the obligations of the Public Contracts Regulations an Alcatel standstill period has been observed and a VTN will be published once awarded.

4.6 Risk Management

4.6.1 The utilisation of the tiering system should ensure that value for money continues to be a key assessment during the operational phase of the framework.

4.6.2 The Quality Assurance Framework utilised during this contract should ensure that providers are continually monitored in respect of the quality of provision and that placements are only made with those providers demonstrating excellent quality of services.

5 Conclusions

5.1 The proposal is to award the contract to the named providers identified within appendix 1 of this report.

6 Recommendations

6.1 The Director of Children and Families is recommended to award the White Rose Children Looked After Residential Framework Agreement to the organisations identified at appendix 1.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.