

DECISION-MAKER:	CABINET		
SUBJECT:	CONSORTIA COMMISSIONING OF CHILDREN'S RESIDENTIAL CARE		
DATE OF DECISION:	17 JULY 2018		
REPORT OF:	CABINET MEMBER FOR CHILDREN'S SOCIAL CARE		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	CHRIS PELLETIER	Tel: 07919293105
	E-mail:	chris.pelletier@southampton.gov.uk	
Director	Name:	STEPHANIE RAMSEY HILARY BROOKS	Tel: 023 8083 4899 023 8029 6923
	E-mail:	hilary.brooks@southampton.gov.uk stephanie.ramsey@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
NOT APPLICABLE			
BRIEF SUMMARY			
This report seeks approval to accept the outcome of the procurement process for the consortium commissioning of children's residential care led by Southampton City Council.			
RECOMMENDATIONS:			
	(i)	To agree and accept the outcome of the procurement of a Framework Agreement for children's residential care commissioned by a regional consortium led by Southampton City Council.	
	(ii)	To delegate authority to the Director of Quality and Integration to do what is necessary to implement recommendation (i) above.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	The Framework Agreement has been procured in partnership with 18 Local Authorities via a fair, compliant, open and transparent commissioning and procurement process.		
2.	Effective and appropriate use of the Framework Agreement will give Southampton City Council and participating Local Authorities assurance of quality in the provision of children's residential care and price stability in what will otherwise be a market characterised by variable and escalating costs over the coming years.		
3.	The Framework Agreement will provide Southampton City Council regulation-compliant access to significantly more providers than under current arrangements, as well as a wider range of options (detailed below) for cost-effectively meeting need, thereby ensuring good future outcomes for the city's looked after children.		

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
4.	<p>Option 1 – Spot purchase.</p> <p>This option was rejected because of non-compliance with the Public Contracts Regulations 2015, the resource intensity of individual negotiation and the increased risks in terms of cost and quality where each placement required would be subject to market forces on a case-by-case basis.</p>
5.	<p>Option 2 – Procure a ‘Southampton-only’ Framework Agreement.</p> <p>This option was rejected, as experience and analysis suggested that greater economies of scale, improved outcomes (e.g. placement stability) and best value for money could be obtained through a collaborative procurement process with other authorities.</p>
DETAIL (Including consultation carried out)	
6.	<p>Background</p> <p>Independently provided children’s residential care is a key means by which the Council complies with its duties under the Children and Young Persons Act to provide high quality care to looked after children.</p>
7.	<p>Currently the majority of these placements are purchased through the Mid Southern Authorities Framework Agreement, a contract that expires in September 2018. In anticipation of this, the Strategy and Commissioning Board endorsed a regional consortia-based approach to the future commissioning of these services in May 2017; on the same basis as was done for commissioning of Independent Fostering Agencies the previous year.</p>
8.	<p>The Council has established and led a regional consortium of local authorities to enable a collaborative approach to commissioning children’s residential care. The consortium is comprised of 18 local authorities - Bournemouth Borough Council, Bracknell Forest Council, Brighton and Hove City Council, Dorset County Council, East Sussex County Council, Isle of Wight Council, Medway Council, Oxfordshire County Council, Poole Borough Council, Portsmouth City Council, Reading Borough Council, Slough Children’s Services Trust, Southampton City Council, Surrey County Council, West Berkshire County Council, West Sussex County Council, Windsor & Maidenhead Council and Wokingham Borough Council.</p>
9.	<p>Consortium Procurement Objectives</p> <p>The key objectives of the procurement were:</p> <ol style="list-style-type: none"> a) To achieve positive outcomes for looked after children and young people b) To increase the share of this market to which consortium members have procurement regulation-compliant access. c) To enable consortium members to commission stable, high quality residential placements for looked after children as close to the home authority as is appropriate. d) To improve the relevancy and effectiveness of high cost therapeutic placements for the most vulnerable children. e) To provide safe and effective crisis placements in a manner that is compliant with current legislation.

	<p>f) To transparently standardise and fix prices for care of this type for consortium members for the next 3 years.</p> <p>g) To establish a 'platform' from which further work with this market may be undertaken to support the development of local provision in line with assessed needs, including the use of single authority and sub-regional block contracting to stimulate market growth and achieve better value.</p>
10.	<p>Tender Design - Key Features</p> <p>The design of the tender documents and procurement process was a collaborative exercise with the members of the consortium and included engagement with children's residential care providers. Key features include:</p> <ul style="list-style-type: none"> • The Framework Agreement is comprised of 6 separate Lots: Lot 1 – Planned and Same Day Residential Care; Lot 2 – Crisis Care; Lot 3 – Residential Care with Department for Education (DFE) Regulated Education; Lot 4 – Residential Parenting Assessments; Lot 5 – Therapeutic Residential Care; and, Lot 6 – Children with Disabilities. • The Framework Agreement is underpinned by a comprehensive Outcomes Framework. Outcomes are focused on ensuring that looked after children are safe from harm, experience good physical and mental health, are resilient and able to cope with life's difficulties, have good self-esteem, achieve well at school, are able to build and maintain positive relationships with others, and that they are well supported in the process of preparing for adulthood and moving to independence. • The Framework Agreement is for an initial duration of 36 months, with an option to extend for up to a further 36 months. • The Framework Agreement will open annually to allow the entry of new Providers onto the Framework Agreement and thus creates a route to market for new entrants, continuous stimulation of competition, and assurance that all children's residential placements being used by the consortium have passed the quality evaluation criteria required to be awarded to the Framework. • The contract has been designed in a manner that will enable additional local authorities to join the consortium as permitted buyers for a fee at a later date. • The procurement process invited bidders to offer volume discounts based on the total number of placements made by the regional consortium. • The Framework Agreement has been designed as a 'platform' from which solo and sub-regional block contracts may be called-off. Sir Martin Narey's Review of children's residential care (2017) recommends that Local Authorities do more shared block contracting of this service type and that when doing so, savings of 5 – 10% may be expected when compared to traditional spot purchasing arrangements. Block contracts may also be used to stimulate growth in the local supply of children's homes. Work is underway within the consortium to ensure we are collectively maximising the opportunities that follow from this option.

	<ul style="list-style-type: none"> The intention is for consortium members to also formally agree to maintain investment in a centralised framework co-ordination solution to enable an efficient approach to performance monitoring and management, and to ensure the fitness of purpose and value of the Framework Agreement remains maximised over the full contract term.
11.	<p>Procurement Process</p> <p><i>Qualification Stage</i></p> <p>Bidders were required to respond to a number of standard questions with applicable pass/fail criteria laid down in the initial stage of this process. Such questions were to test financial capacity, grounds for mandatory exclusion, pre-determined insurance levels and compliance to specific legislation(s).</p>
12.	Those Providers applying for Lots 1, 2, 3 and 6 were rated according to their Ofsted rating, scored on their pricing submission and ranked for each Lot.
13.	If successful at the Qualification stage, Providers for Lots 4 and 5 were asked to submit responses to Methods Statement Questions, detailing their service offer. The responses were evaluated and moderated by a panel and successful providers ranked in accordance with their combined price and quality scoring.
14.	<p>Results</p> <p><u>Regulation-compliant access to the children’s residential care market</u></p> <p>395 homes submitted tenders to join the Framework Agreement. Of these, 6 homes withdrew their application prior to evaluation and 23 submitted unsuccessful tenders. 366 homes have therefore been awarded to the Framework Agreement, which when compared to the 263 children’s residential care homes which may be accessed through the Council’s current primary route to this market (the Mid Southern Authorities Framework Agreement), represents 39% growth to the share of this market to which the Council has procurement regulation-compliant access.</p>
15.	<p><u>Quality</u></p> <p>The vast majority of homes awarded to the Framework Agreement (77%) have an Ofsted rating of good or outstanding. 11% have a rating of ‘requires improvement to be good,’ and the remaining 12% are homes registered with Ofsted but not yet inspected, or homes not regulated by Ofsted (those which may be located in Scotland and Wales). The Council reserves the right to undertake additional checks before making placements in such homes. The contract will therefore offer a robust mechanism through which the Council will be able to assure that our looked after children are placed in high quality care.</p>
16.	<p><u>Best Value</u></p> <p>175 homes awarded to the Framework Agreement (48%) have tendered placement weekly prices that are lower than Southampton’s current weekly average cost per Lot, and 68 homes have offered the consortium regional</p>

	volume discounts ranging from 0.25% to 20% in their tender submission. The contract will on this basis provide a good level of assurance that the cost of children's residential care placements remains competitive over the life of the Framework Agreement.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
17.	Framework Agreements are technically £0 value contracts, as they include no obligation to undertake any set minimum level of expenditure through them. It is, however, envisaged that this contract will act as the Council's primary route to the children's residential care market going forward. The Council had 33 children in residential care on average last year and spent approximately £4.9m on placements of this type.
<u>Property/Other</u>	
18.	None.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
19.	Southampton City Council has a statutory requirement to meet the Sufficiency Duty placed on local authorities under 22 (G) of the Children Act 1989.
20.	The legal powers to pursue the procurement as outlined in this report are contained in the Local Government Acts 1972, 1999 and 2000. The procurement process itself is governed by the EU Public Contracts Directive 2014 (as embodied in UK law by the Public Contracts Regulations 2015).
<u>Other Legal Implications:</u>	
21.	None.
RISK MANAGEMENT IMPLICATIONS	
22.	The recommendations set out in this report will support the Council in the effective mitigation and management of financial and legal challenge risks associated with the Council's current procurement arrangements.
POLICY FRAMEWORK IMPLICATIONS	
23.	<p>The proposals contained in this report are made in accordance with the following strategic commitments within the Policy Framework (Article 4.01 of the Council's Constitution):</p> <ul style="list-style-type: none"> • Sustainable Community Strategy (Southampton City Strategy 2015-2025); The strategy prioritises 'Healthier and Safer Communities' and includes a focus on giving babies, children and young people a better start in life. • Health and Well Being Strategy 2017-2025; theme two of the strategy focuses on 'Best start in life'. The Strategy has a strong focus on outcomes for children and young people. • The Children and Young Peoples Strategy 2017 – 2020: relevant themes include Children and young people in Southampton are safe and secure; Children and young people in Southampton achieve and aspire; and, Children and young people in Southampton live happy and healthy lives.

	<ul style="list-style-type: none"> The proposals have also been developed in line with the outcomes agreed in the Southampton City Council Strategy 2016-2020 which focus on giving children and young people a good start in life, protecting vulnerable children and young people and reducing the number of looked after children and children in need.
KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	ALL
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None
Documents In Members' Rooms	
1.	Equality and Safety Impact Assessment
2.	Data Protection Impact Assessment
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	Yes
Other Background Documents	
Other Background documents available for inspection at: NOT APPLICABLE	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	NONE