

Forward Plan reference number: N/A

Report title: Award of the Framework Agreement for Looked After Children in Residential Care	
Report to: Councillor Louise McKinlay Cabinet Member for Children and Families	
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Date: 03/01/2020	For: Decision
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County Divisions affected: 'All Essex'	

1. Purpose of Report

- 1.1. To inform the Cabinet Member for Children and Families of the result of the recent procurement to secure a range of reliable, effective and efficient providers to deliver children's residential placements to young people under a framework agreement.
- 1.2. To obtain approval to progress to final award stage and award places on the framework to the candidates whose tender submissions were deemed to satisfy Essex County Council's ("the Council") qualitative and quantitative requirements of the procurement process, as detailed in this report.

2. Recommendations

- 2.1. Agree to enter into a framework agreement for a maximum term of four (4) years with the providers listed in this report.

3. Summary of issue

- 3.1. The Council's strategic approach to improving outcomes and stability for Looked After Children is set out in the Essex Sufficiency Strategy for Children in Care. Our approach is to support children to remain within their families where possible. Where children cannot safely remain with their families, we seek to provide high quality substitute care, preferably within family settings such as foster care. This happens where it is the best way to meet the aim in the Organisation Strategy to help people get the best start in life and age well.
- 3.2. In the event that no suitable placements are available, we seek suitably matched high-quality residential units, as near as possible to the child's home locality to maintain links with their families and communities. We aim for children to be in care for the shortest possible time and achieve a sustainable exit from care that meets all of their needs, whether that is a return home or a permanent alternative family arrangement.

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- 3.3. As at November 2019, 101 Essex Young People were supported in residential placements, all of which were delivered by external providers. This is equivalent to 10% of looked after children being placed within a residential placement. Although the overall demand for residential placements has remained constant, in the last two years there has been an increase in demand for placements that can support young people with more complex needs and vulnerabilities, including those at risk of gang involvement, substance misuse and child sexual exploitation (CSE). There is also a need to improve the availability of local placements, where this is appropriate to the individual young person, since as at June 2018 we had 65 placements outside Essex, usually due to an absence in suitable placements within Essex at the point of placement. Despite the fact that there is sufficient capacity within the local market to meet our needs, other authorities make placements within Essex, which has a detrimental impact on local sufficiency and reduces placement availability for the Council.
- 3.4. In addition, the Council may require emergency and/or on short notice placements e.g. breakdown of existing placement or a safeguarding concern. In the event that there is an urgent need to secure a placement the lean timescales prohibit any review of the proposed placement costs prior to accepting an offer.
- 3.5. The Council currently sources children's residential placements via 'spot' purchasing arrangements which seek to determine the most suitable placement available and purchase directly. However, this approach does not enable the Council to manage this market and market rate is paid for this provision with no transparency over the breakdown of providers' costs.
- 3.6. On 25th January 2019, Cabinet authorised a process to procure a multiple provider framework agreement for the provision of children's residential placements in the following three lots:

- Lot 1 – Children with Disabilities (CWD)

Providers will be required to support a range of needs, which may include but not be limited to:

- (a) children with physical and/or sensory needs;
- (b) behaviour that challenges;
- (c) children with social, emotional and mental health needs;
- (d) children with complex autism and/or learning disabilities.

- Lot 2 – Social Emotional Mental Health (SEMH)

Providers will be required to tailor their support to cover the following needs:

- a) a history of family or foster care breakdown,
- b) being known to youth justice,
- c) mental health needs, trauma or vulnerability.

These young people may have additional vulnerabilities including, but not limited to, the risk of gang involvement, substance misuse and/or CSE.

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Please note that the title of this Lot was amended following feedback from providers during the market engagement sessions regarding the current terminology for this type of children's residential provision. However, there is no material change to the scope of this lot.

- Lot 3 – Same Day Emergency Placements, Potentially with Assessment for CWD or SEMH where further assessment is required

This Lot is designed to secure suitable residential placements for same day or short notice admission in a regulated setting for a child or young person. These may include those already in the care system where a placement breaks down, for whom the safeguarding concerns are too great for them to remain in their existing placement. Providers will be able to define which specialism of service they offer to either children with disabilities or children with SEMH.

- 3.7. As authorised by Cabinet on 25th January 2019, the new framework agreement will have a maximum 4 year term which includes the facility to enable the Council to conduct a review of the framework, and re-open it to new entrants in the second year. This option will enable providers who did not express an interest in the original procurement to join the framework and will also give existing providers an opportunity to review their prices. The Council reserves the right, in its absolute discretion, to re-open the framework more regularly or not at all.
- 3.8. At the point at which the framework is re-opened, existing providers will be required to demonstrate that they still meet the minimum quality standards and will be given the opportunity to submit revised prices. New entrants to the framework shall be evaluated in accordance with the original evaluation criteria. In addition, the Council will undertake regular engagement with providers in order to review local capacity and developments and formulate stronger relationships, where these will support the Council's strategic intentions. The Council will continue to collaborate with neighbouring local authorities to share best practice. This includes membership of the Children's Cross Regional Arrangements Group (CCRAG) alongside 20 other Local Authorities.
- 3.9. The Council advertised this procurement opportunity via OJEU, Contracts Finder and on the authority's opportunities listings website on 15th October 2019. There was a single-stage, open tendering process via the Council's e-sourcing portal within the published timescales.
- 3.10. Twenty-three (23) Bidders submitted tenders in response to the Council's procurement. Bidders were able to apply for either single or multiple lots, which generated the following responses:

Lot	Number of submissions received
1. CWD	11
2. SEMH	15
3. Same day emergency placements	5

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- 3.11. Each of the bids were evaluated against the published scoring criteria by the evaluation panel. Subsequently, a moderation meeting was convened to determine the consensus scores for this tender which identified that 21 of the Bidders who submitted a tender for this procurement opportunity satisfied the Council's minimum quality criteria for this service. The component elements of the tender which were evaluated under this process are detailed below.
- 3.12. The first stage of the tender evaluation process consisted of reviewing the candidate's responses to the Council's Standard Selection Questionnaire (SSQ) including, but not limited to, verification that the Bidders comply with the minimum standards and mandatory and discretionary rejection criteria such as financial appraisals, legislative and insurance requirements.
- 3.13. Through the consideration of the Bidder's responses to questions regarding their social value proposals in respect of this service within the SSQ, it is anticipated that this service will also have an indirect impact on other strategic organisational objectives, including but not limited to, enabling inclusive economic growth by helping people in Essex to prosper by increasing their skills and helping to secure sustainable development and protecting the environment.
- 3.14. All of the Bidders' submissions were deemed to have satisfied the minimum 50% scoring threshold for this stage of the procurement and progressed to the second stage evaluation described below.
- 3.15. The second stage of the evaluation process involved a consideration of the candidates' responses to the Technical and Commercial questions.
- 3.16. The high level Evaluation Criteria of Part 2 were as follows:
- Commercial response (price) – 70% weighting
 - Technical response (qualitative)– 30% weighting
- 3.17. As part of their technical response, all Bidders were required to confirm how they would seek to meet the priorities which have been identified as beneficial to children's residential placements by representatives of Essex Young People. The scores from this section of the responses accounted for 30% of the overall qualitative mark and hence ensure that the evaluation of this service captures the voice of young people.
- 3.18. The evaluation was conducted in accordance with the published criteria. The consensus scores of the Bidders' Commercial Response were added to the score achieved by the Bidders' Technical response gain an overall total weighted score for each Bidder. This evaluation process established the following results:

Lot 1: CWD

Ten (10) compliant responses were received in respect of this Lot, the respective results of the evaluation of this lot were as follows:

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Provider	Qualitative Questions Weighted Score	Pricing Weighted Score	Overall %	Ranking
Consensus Support Services Ltd	18.00	70.00	88.00	1
Little Belsteads Care Home Limited	18.00	46.40	64.40	2
G S Social Care Solutions Ltd	18.00	37.30	55.30	3
Pathways Care Group Limited	18.00	36.10	54.10	4
PJL Healthcare Ltd	18.00	35.40	53.40	5
Acorn Care and Education Limited	18.00	33.50	51.50	6
Options Autism (1) Limited	18.00	31.90	49.90	7=
Options Autism (5) Limited	18.00	31.90	49.90	7=
Action for Children Services Ltd	21.60	27.80	49.40	9 =
Keys PCE Ltd	18.00	31.40	49.40	9=

Lot 2: SEMH

Fourteen (14) compliant responses were received in respect of this Lot, the respective results of the evaluation of this lot were as follows:

Provider	Qualitative Questions	Pricing Weighted Score	Overall %	Ranking
Compass Community Ltd	20.40	58.10	78.50	1
The Caldecott Foundation	18.00	53.30	71.30	2
Semi Independent House Ltd	18.00	49.50	67.50	3

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Kites Children's Services Ltd	18.00	46.10	64.10	4
Acorn Care and Education Limited	18.00	43.60	61.60	5
Flying Spur Ltd T/a Filby Hall Children's Home	18.00	42.80	60.80	6
Priory Education Services Ltd	20.40	36.40	56.80	7
Hillcrest Childrens Services Limited	18.00	38.60	56.60	8
Hillcrest Childrens Services (2) Limited	18.00	38.60	56.60	8
Kedlestone (Wings) Education Ltd	18.00	37.70	55.70	10
Keys PCE Ltd	18.00	36.40	54.40	11
PJL Healthcare Ltd	18.00	36.30	54.30	12
Pathways Care Group Limited	18.00	36.10	54.10	13
PSS Care Group	18.00	33.20	51.20	14

In addition, one further response failed to secure the requisite minimum score of 3 or above in respect of any of their qualitative responses. Therefore, the Council is using its discretion to reject this bidder from the process as per the published evaluation criteria within the bidders' guidance which was issued to all bidders as part of the tender pack.

Lot 3: Same day, emergency placements

Four (4) compliant responses were received in respect of this Lot, the respective results of the evaluation of this lot are as follows:

Provider	Qualitative Questions	Pricing Weighted Score	Overall %	Ranking
Keys PCE Ltd	18	51	69	1 st
Hillcrest Childrens Services Ltd	18	49.8	67.8	2 nd =

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Hillcrest Childrens Services (2) Ltd	18	49.8	67.8	2 nd =
C F Support Services	20.4	39.9	60.3	4 th

In addition, one further bidder failed to secure the requisite minimum score of 3 or above in respect of one of the scored qualitative questions and the proposed residential home wherein the provider intended to deliver same day, emergency placements under this lot does not meet the stated minimum Ofsted rating of 'Good' or 'Outstanding'. Therefore, the Council is using its discretion to reject this bidder from the process as per the published evaluation criteria and the guidance within the bidders' guidance which was issued to all bidders as part of the tender pack.

- 3.19 On the basis of the results of the evaluation, it is recommended that all the providers detailed within the following table awarded a place on the framework in order to be eligible to receive referrals in respect of this service within the Lots listed:

Provider	Scope of application (Lots 1-3)
Acorn Care and Education Limited	1 and 2
Action for Children Services Ltd	1
CF Support Services	3
Compass Community Limited	2
Consensus Support	1
Flying Spur Ltd T/a Filby Hall Children's Home	2
G S Social Care Solutions Ltd	1
Hillcrest Childrens Services Limited	2 and 3
Hillcrest Childrens Services (2) Limited	2 and 3
Kedlestone (Wings) Education Ltd	2
Keys PCE Ltd	All lots (1 -3 inclusive)
Kites Children's Services Ltd	2
Little Belsteads Care Home Limited	1
Options Autism (1) Limited	1
Options Autism (5) Limited	1
Pathways Care Group Limited	1 and 2
PJL Healthcare Ltd	1 and 2
Priory Education Services Ltd	2
PSS Care Group	2
Semi Independent House Ltd	2
The Caldecott Foundation	2

4. Options

Option 1 – Do Nothing

- 4.1. The Council may elect not to award a framework agreement at this time. If no agreement is entered into, the social care team would need to secure

alternative provision via spot purchasing arrangements in order to secure sufficient children's residential placements to satisfy the Council's statutory obligations to support young people in care. This approach would be in contravention of the Public Contracts Regulations 2015 in relation to the required sourcing approach for a service with an aggregate value in excess of the tendering threshold.

- 4.2. Failing to award the proposed framework agreement may also lead to adverse reputational publicity from the providers who have participated in a procurement opportunity in good faith on the understanding that the Council intends to award a framework agreement in respect of this service. In addition, these same providers are likely to receive referrals under any spot purchasing arrangement and may be reluctant to accept any further placements if they deem the Council to be acting unreasonably in relation to the decision not to award the proposed framework agreement.
- 4.3. Further, the Council would be unlikely to secure any leverage of the market rate for any spot purchased placements which would place undue pressure on the budget for this service. In contrast, if the recommendation in this paper is approved, the pricing for any placements would be calculated in line with the schedules of rates which were submitted and evaluated during the procurement process, thereby enabling the Council upfront visibility of the requisite pricing of placements.

Option 2 - Award the framework agreement (Recommended)

- 4.4. The recommended option is that the Council awards places on the proposed framework to the providers identified in paragraph 3.19 above. All of these providers have fulfilled the Council's evaluation criteria for this service and secured at least the minimum scores in relation to the qualitative questions to satisfy the evaluators that they can fulfil the Council's requirements in relation to the provision of suitable children's residential placements to support young people.

5. Next steps

If the recommendation in this paper is approved, Bidders shall be informed of the outcome of the procurement process and the Council will award successful Bidders a place on the framework.

Issues for consideration

6. Financial implications:

- 6.1 The main budgets impacted by the preferred option of a Framework are the Mainstream and Children with Disabilities (CWD) residential budgets. The 2020/21 budget is £15m which includes a provisional saving of

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£209,000 due to be delivered through the Essex Fostering programme. No savings have been reflected in the medium-term resource strategy in respect of this procurement.

- 6.2 Indicatively, the 4-year Framework would expect to see up to £60m of Individual Placement Agreements over the 4-year period. Average weekly placement costs in a residential setting is budgeted at £4,319 per week in 2020/21.
- 6.3 The Council has recently witnessed rising complexity in the needs of young people and increasing difficulty in finding suitable placements. For residential care, this is due in part to the limited availability of places, matching criteria and the needs of young people. In addition, the introduction of National Living Wage (NLW), changes to night sleep legislation and the rising cost of living increased average prices per week.
- 6.4 Currently, all residential packages including those for children with disabilities are arranged on a spot purchase basis. This is not the most effective model because it is more resource intensive in the placement finding and may not reveal the most economically advantageous option available on the given day a placement is required. It is expected that enacting the proposed framework will allow greater transparency over the costs of children's residential placements and certainty of weekly placement costs. This will enable improved budgetary control and oversight of the most cost effective placement offers. Such an approach removes the risk of cost escalation in the market. In a national context, the cost of social care has increased by 16% since 2010/11.
- 6.5 The average weekly placement cost per lot prior to discounts, costs for additional therapies and additional staff for more complex cases is as follows:

Average Weekly Placement Cost		
Lot 1: CWD	Lot 2: SEMH	Lot 3: Same Day Emergency Placements
4,138	3,998	7,021

As at November 2019 there were 41 children and young people with disabilities in a residential placement and 60 in mainstream residential placements.

- 6.6 Pricing submissions based on a standard weekly rate to be included on the framework are within budget assumptions in the Medium Term Resourcing Strategy. However, a financial risk remains where package costs may be in excess of the average rate depending on the provider chosen for a placement and the need for appropriate additional therapies and staff support to deliver care.
- 6.7 The inclusion of Same Day Emergency Placements within the Framework could potentially have a positive benefit by reducing the need for unregulated placements and offer a higher quality care package with Ofsted registered providers. As at November 2019 there were 30 unregulated placements (but regulated locally) made in 2019/20 at an average cost of £7,000 per week, noting

that some providers charge a weekly rate that is significantly higher or lower than this.

- 6.8 Implementing the proposed Framework agreement is considered to significantly reduce the financial risks associated with sourcing placements via spot purchasing arrangements, including but not limited to mitigating the current lack of transparency of fees charged by care providers and potential volatility in market prices.

7. Legal implications

- 7.1. A competitive procurement process has been undertaken in accordance with the Public Contracts Regulations 2015 under the light touch regime. The process was conducted via the Council's official e-sourcing portal in accordance with the agreed timescales and the framework is due to be awarded in accordance with the published criteria.
- 7.2. On completion of the internal governance process and provided the Alcatel period concludes without any legal challenges being raised by unsuccessful providers, a framework agreement for the services will be sent to the successful providers.

8. Equality and Diversity implications

- 8.1. The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 8.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 8.3. The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

9. List of appendices

- a. Equalities Impact Assessment

10. List of Background papers

Pre-tender Cabinet Paper, dated 22nd January 2019, FP/316/12/18

I approve the above recommendations set out above for the reasons set out in the report.	Date
Councillor Louise McKinlay Cabinet Member for Children and Families	17.02.20

In consultation with:

Role	Date
Executive Director for Finance and Technology (S151 Officer) Stephanie Mitchener (Interim Director of Finance Finance & Technology)	31.1.20
Director, Legal and Assurance (Monitoring Officer) Katie Bray on behalf of Paul Turner	15.1.20