

COMMISSIONED PLACEMENT SUFFICIENCY PLAN 2022/23 – AWARD OF CONTRACT FOR PENINSULA RESIDENTIAL CHILDREN’S HOMES FLEXIBLE PURCHASING SYSTEM (FPS)

Part I report



I. Purpose and recommendations

The purpose of this paper is to provide an update on a sub-regional procurement to put in place a new contract with residential children’s homes. At Cabinet in March 2022, agreement was given to proceed with the procurement as part of proposals to support placement sufficiency in 2022/23, with the contract award decision delegated to the Director of Children’s Services.

This paper sets out the procurement process, the outcome and impact of the tender and recommendations for contract award as a delegated decision. This is based on analysis of both the quality and price (commercial aspects) of the submissions. Further detail of the commercial evaluation are set out in a separate Part 2 report.

It is recommended that the following providers are awarded a contract, for a period of 9 years (from 1st February 2023 – 31st January 2032). The listed providers have successfully met the quality requirements for the tender:

Lot 1 - Residential Children’s Homes for Children in Care	Lot 2 Innovation and Partnership Working – Residential Children’s Homes
Acorn Education and Care Services Ltd	Birchwood Independence Ltd
Aspris Children's Services Limited	Cambian Childcare Limited
Birchwood Independence Ltd	Central and Southern Homes
Cambian Childcare Limited	Five Rivers Child Care Limited
Central and Southern Homes	Mutual Care Ltd
Five Rivers Child Care Limited	Next Step Independence Ltd
IDEM Living Ltd	Phoenix Learning and Care Limited
Headway Adolescent Resources Ltd	
Keys PCE Limited	
Mutual Care Ltd	
Next Step Independence Ltd	
Phoenix Learning and Care Limited	

2. Background

12% of children and young people in Plymouth’s care are placed in residential children’s homes. These placements are currently provided external Ofsted registered providers. Residential care is used for children and young people with the most complex needs, although over the last year a lack of available foster placements has occasionally led to children with fostering needs being placed for a period of time in residential care. Modern children’s homes are very different from more institutional models of care used in the past; homes tend to be small (less than 4 beds and often no more than 2) with a homely feel and a dedicated staff team working with the child.

The use of commissioned children’s home placements has been rising over the last 8 years, partly due to a rise in the number and complexity of children coming into care particularly as teenagers and challenges with recruiting foster carers able to care for children with more complex needs:

- April 2014: 26
- April 2022: 52

Work is underway to reverse this trend, with more robust scrutiny of care planning for children who are already in residential care, alongside reviewing the reasons why children come into care during their adolescence, to see what further preventative measures to support families can be put in place.

3. Current contractual arrangements

When a residential children's home placement is needed, long standing contractual arrangements with Peninsula local authority partners have proved to be essential in supporting the Council's sufficiency duty. Since 2006 Plymouth City Council has collaborated with Peninsula partners including Devon County Council, Torbay Council and Somerset County Council to commission over-arching contracts for residential children's homes. The current contract began on 1st April 2019, with Devon County Council as the lead commissioner. It is a framework contract, which doesn't commit the local authority to commissioning any placements, but ensures that there is a clear expectation of quality and price if placements are used. The framework had an annual entry point for providers to add provision to the contract. The current contract sits alongside a Plymouth-focused block contract for local children's homes and spot purchased residential placements as part of a suite of measures to support sufficiency.

The current annual spend on residential care is £17.8m, with approximately £2.974m spent via the Peninsula residential contract.

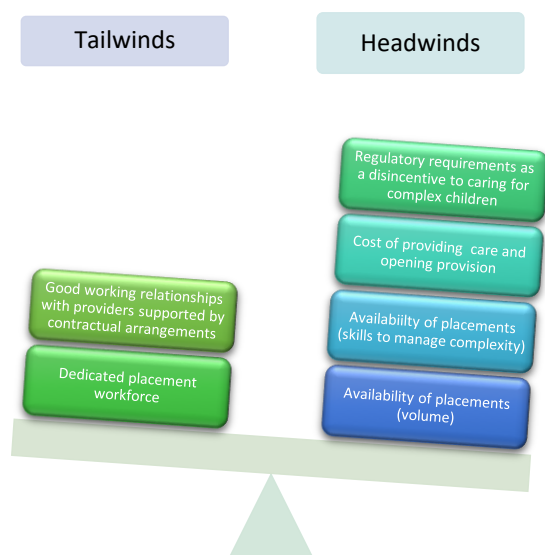
The contract includes residential children's homes operating in Devon, Cornwall and Somerset, as well as nationally. All agencies are required to be registered with Ofsted and are regularly inspected. Fees for the service are based on a weekly charge, to cover the cost of caring for the child (including staffing and all accommodation and subsistence) and overheads for the organisation.

Over time, residential children's home providers have engaged less with traditional framework contracts; due to high levels of demand nationally there has been less incentive to sign up, and providers are able to alter their fees more freely under spot purchase arrangements. The complexity of how framework contracts have been managed has also been off-putting to providers. Ways of incentivising providers to want to engage with the new Peninsula contract were considered as part of the procurement process.

Current contract performance

The current Peninsula framework contract has generally performed well, with children's home providers engaging well with commissioners and seeking to place local children in local beds. Providers have worked proactively with local authorities where improvement plans have been needed. Providers have continued to recruit staff and look at expansion, although it is recognised that this is a challenging operating environment. Research from the Independent Children's Homes Association estimates that up front costs to set up a new children's home are between £500k and £1m.

There are ongoing challenges in finding staff/carers with the skills needed to care for children with the most complex needs, such as those who are in crisis or who are stepping out from Tier 4 mental health provision or welfare secure. The "head and tail winds" for providers are set out below:



4. New contractual approach

The new Peninsula contract has been procured in line with the requirements of regulation 84 of the Public Contracts Regulations 2015 as a Flexible Purchasing System (FPS). This will enable Peninsula Authorities to continue to support our existing Providers and encourage new entrants to join on local terms at any point therefore maintaining competition within the FPS. The introduction of an Innovative and Partnership Working (Lot 2), will allow the Peninsula Authorities to undertake targeted collaborative projects with providers to develop a needs-based market solution to known gaps in services for groups of children and young people with specific, and often complex need profiles.

Under the new FPS there are 2 Lots:

Lot	Purpose
<p>Lot 1 Residential Children’s Homes for Children in Care</p>	<ul style="list-style-type: none"> • These will enable children to live in residential homes, where they will receive high quality care in a safe and enriching environment, supporting a broad range of needs, including emotional and behavioural issues, sexualised behaviours, and physical disabilities. • Understanding of the difficulties children may have experienced and how this may present, will require a therapeutic parenting approach. Services will be needed for a variety of reasons and durations. • It is intended that residential children’s homes are not used as an end destination for children in care; but are used appropriately to enable stability, safety and support to children and young people so that they can be supported towards family reunification where it is safe and appropriate, step forward to a family foster home, build their interdependence for early adulthood, and always having high aspirations for them.
<p>Lot 2 Innovation and Partnership Working – Residential Children’s Homes</p>	<ul style="list-style-type: none"> • This Lot is intended to allow commissioners to design, and with the providers, deliver bespoke services designed to meet complex needs that are not easily met through standard residential care. One way could be through a competitive conversation to enable specialist support to be put in place in response to a child or young person’s individual needs, with additional elements reflected within the individual placement agreement (IPA). • This type of approach will also create scope for targeted, developmental work with our providers to develop a multi-disciplinary model of residential assessment provision for children and young people in crisis, which will focus on meeting the needs of children who experience high placement instability. • To facilitate this Peninsula Authorities will explore different delivery models, for example, but not limited to:

	<ul style="list-style-type: none"> ○ A form of shared funding or risk sharing. ○ A formalised joint venture. ○ A shared service, for example, one of the Peninsula Authorities provides the accommodation and provider supplies the staffing model. ○ Setting up a new children's home to meet the specific needs either of an individual or a cohort, such as emergency provision.
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The aim is that children and young people living in a children's home will positively benefit and through the support provided will achieve the following outcomes:

- Every child needing a home should find one is available for them as close to home as possible.
- Every child should be able to trust that their home is theirs for as long as they need it.
- Every child should be heard, seen and safe.
- Every child should be supported to develop and maintain important relationships.
- Every child should be getting education and mental health care.
- Every home should be giving children the ability to develop and pursue their interests.
- Children leaving care should be supported to stay close and linked to their children's homes.

Award of the FPS will help to ensure that Peninsula partners can secure high quality residential children's homes through providers that have been tested for capacity, capability, cost and quality.

Devon County Council is the lead authority for the joint procurement for Peninsula Residential Children's Homes FPS. The duration of the FPS will be a total of 9 years. A 9 year contract provides the children's home providers with some stability and also enables the Peninsula authorities to stagger future strategic tendering projects and give sufficient time to develop the next generation of commissioning activity.

Break clauses have also been agreed within the contract mechanism to mitigate any risks that may materialise with a long-term contract. The contract duration is as follows:

FPS initial term: 1st February 2023 – 31st January 2028

Extension Period 1*: 1st February 2028 – 31st January 2030

Extension Period 2*: 1st February 2030 – 31st January 2032

* At the Authorities' discretion

5. The procurement

The procurement process was led by Devon County Council as lead commissioner on behalf of Plymouth City Council, Torbay Council and Somerset County Council.

The procurement strategy was to put in place an FPS (light-touch regime equivalent to a Dynamic Purchasing System). This FPS would have two lots as detailed in the section above and a number of different methods for calling off both lots including direct award and mini competition.

The FPS will provide a structure that can be used for the basis of all future develops within the market as it is a flexible approach to the market. This will enhance the way in which we commission residential placements and the ability to work collaboratively with market providers.

The procurement strategy was developed to address feedback from the provider market including the need to develop closer partnership style working relations. Peninsula partners will continuously engage and encourage market providers to join the FPS as they see the advantages of working in this way with us as commissioners.

This contractual arrangement will be open for existing providers to add new provisions and new providers/provisions to join at any time during the life of the FPS.

Market Engagement

A prior information notice (PIN) was published on the Procurement Portal on 25th July 2022.

A virtual market engagement meeting was held on 10th August 2022 and led by Peninsula partners to discuss re-tendering for Residential Children's Homes. This included an outline of services and open discussion with the market to inform the design of the service. Providers were given an opportunity to book 10-minute slots, following the event, with commissioners to encourage more open and constructive feedback. Three providers responded to this opportunity and notes were taken and published on the tendering portal for transparency purposes.

A tender launch virtual meeting was held on 7th October 2022. This was an opportunity for providers to familiarise themselves with the tender documentation and requirements of the tendering opportunity. The presentation slides and questions and answers from the meeting were published on the tendering portal.

Subsequent Tendering Application Workshops were held for providers to provide practical support and guidance to submit bids onto the tendering portal.

The Tender Process

A Tender Notice under the Light Touch Regime was published on 5th October 2022. A Tender advertisement was also placed in Find a Tender Service on 5th October 2022. The Invitation to Tender was issued via www.supplyingthesouthwest.org.uk on the 5th October 2022. The tender return deadline was 12 noon 4th November 2022. This initial tendering period was to set up the FPS and encourage as many providers as possible to join early on.

The FPS will subsequently re-open on the 1st February 2023 and will be continually open for the duration of the contract term. This will enable providers to add homes as soon as they are registered and new providers to join the FPS at any time.

FPS Selection Criteria

The selection criteria published in the invitation to tender and on-line questionnaire were as follows:

Part 3: Selection Questions			
Section 4 - Economic and Financial Standing			
	1.1 (a) – 1.2 (b)	Bidder's financial capacity, health and dependency assessment.	Pass/Fail
Section 5 – Wider Group			
	2.1	Parent Company Accounts	Pass/Fail (if relevant)
	2.2	Parent Company Guarantee	Pass/Fail (if relevant)
	2.3	Alternative Guarantee	Pass/Fail (if relevant)

Part 3: Selection Questions			
Section 6 – Modern Slavery			
	3.1	Relevant commercial organisation as defined by section 54	Pass / Fail
Section 7 - Additional Questions			
Section 7.1	4.1.1 – 4.1.7	Insurances	Pass/Fail
Section 7.2	4.2.1 – 4.2.6 (iii)	Compliance with Equality Legislation	Pass/Fail
Section 7.3	4.3.1 – 4.3.2	Health & Safety	Pass/Fail
Section 7.4	4.4.1 – 4.4.19	Information Security	Pass/Fail
Section 7.5	4.5.1	Carbon Emissions Reporting	Pass/Fail
Section 7.6	4.6.1 – 4.6.15	Safeguarding	Pass /Fail (for all elements)
Section 7.7	4.7.1	Subcontractors	Pass/Fail (if relevant)
Section 7.8	4.8.1 – 4.8.4	Licensing and registration	Pass /Fail
Section 7.9	4.9.1 – 4.9.3	Social Value	Information Only
Section 7.10	4.10.1	Staff	Information Only
Section 7.11	4.11.1	Lots	Information Only
Section 7.12	4.12.1 – 4.12.3	Certificates	Pass/Fail
Section 7.13	4.13.1	Financial Submission – Pricing Schedule	Information Only
	4.13.2	Financial Submission - declaration	Pass/Fail

28 invitations to tender were issued. The following **14** bidders submitted a response:

- Acorn Education and Care Services Ltd
- Aspris Children's Services Limited
- Birchwood Independence Ltd
- Cambian Childcare Limited
- Central and Southern Homes
- Five Rivers Child Care Limited
- IDEM Living Ltd
- Headway Adolescent Resources Ltd
- Keys PCE Limited
- Mutual Care Ltd
- Next Step Independence Ltd
- Parkview Care (Broadstairs) Limited
- Phoenix Learning and Care Limited
- What's Out There Limited

There were no opt outs for this stage of the tendering opportunity.

Award Criteria

The award criterion for Lot 1 was based on the Residential Childrens' Home Ofsted grading. Each home had to have a grading of Requires Improvement or above (or equivalent) to pass the Award Criteria and be promoted to the FPS.

The award criterion for Lot 2 was based on the bidder's Ofsted grading. The bidder had to have a grading of Requires Improvement or above (or equivalent) either as an organisation or through its provisions to pass the Award Criteria and be promoted to the FPS.

Tender Evaluation

The bids were checked for compliance by Devon Procurement Services to ensure that all bidders had fully completed the selection criteria in accordance with the instructions contained within the documentation. Bidders had to self-certify that they met the requirements stipulated above and provide evidence where applicable.

Summary of Tenderers and Assessment

The following Providers submitted compliant bids and passed the selection criteria:

	Bidder	No of homes	Total No of Beds	No of beds in Peninsula Boundaries	No of beds Outside boundaries
Lot 1	Acorn Education and Care Services Ltd	5	20		20
	Aspris Children's Services Limited	5	19	13	6
	Birchwood Independence Ltd	1	1	1	
	Cambian Childcare Limited	4	12	6	6
	Central and Southern Homes	1	5	5	
	Five Rivers Child Care Limited	7	25	3	22
	IDEM Living Ltd	3	5	5	
	Headway Adolescent Resources Ltd	6	18	6	12
	Keys PCE Limited	7	23	23	
	Mutual Care Ltd	2	10	10	
	Next Step Independence Ltd	1	2		2
	Phoenix Learning and Care Limited	1	1	1	
		43	141	73	68

	Bidder
Lot 2	Birchwood Independence Ltd
	Cambian Childcare Limited
	Central and Southern Homes
	Five Rivers Child Care Limited
	Mutual Care Ltd
	Next Step Independence Ltd
	Phoenix Learning and Care Limited

Unsuccessful bids

The following Residential Homes are not yet inspected by Ofsted and therefore were not successful at this time, but may re-apply at any time when the FPS reopens, following an inspection and grading of requires improvement or above:

	Bidder	No of homes	Total No of Beds	No of beds in Peninsula Boundaries	No of beds Outside boundaries
Lot 1	Central and Southern Homes	2	5		5
	IDEM Living Ltd	1	2	2	
	Headway Adolescent Resources Ltd	1	4	4	
	Parkview Care (Broadstairs) Limited	1	4		4
		5	15	6	9

	Bidder
Lot 2	Central & Southern Homes
	Central & Southern Homes

The following Residential Home Providers have failed the information security assessment, following a review of their responses by the Devon County Council Information Governance Team:

	Bidder	No of homes	Total No of Beds	No of beds in Peninsula Boundaries	No of beds Outside boundaries	Reason
Lot 1	Parkview Care (Broadstairs) Limited	2	9		9	Provider failed to submit responses to clarifications
	What's Out There Limited	1	3	3		Failed to demonstrate that they have deployed a level of security control that will reduce cyber threats. Therefore, is a medium risk to the commissioning partners
		3	12	3	9	

Lot 2	Bidder
	What's Out There Limited

Further details of the tender scores for each provider and the financial evaluation are available in the Part 2 report.

TUPE Considerations

There are no TUPE implications in the award of this contract.