

PLYMOUTH CITY COUNCIL

Subject: Contract Award report for Caring in Partnership: Residential Children's Homes

Committee: Cabinet

Date: 16th January 2018

Cabinet Member: Councillor Beer

CMT Member: Carole Burgoyne (Strategic Director for People)

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Ref:

Key Decision: Yes

Part: I

Purpose of the report:

This report relates to the outcome of a tender to put in place a three year block contract for children's home beds. The tender had three aims:

- Secure children's homes already operating in Plymouth or within 20 miles, for the use of Plymouth City Council children in care;
- Select providers to develop further local homes in Plymouth or within 20 miles, during the life of the contract;
- Contain or preferably reduce spend on residential placements.

Plymouth City Council has a statutory duty under the Children Act 1989 to ensure there are sufficient local placements to support children in care to be able to remain as close to home as possible. Children and young people in the care of Plymouth City Council require a range of placements to meet their needs. Among these are residential children's homes, used for the most complex children and young people who struggle to manage the relationships in a family home.

Modern children's homes are based on a model of care which is as close to a family environment as possible; with a regular staff team skilled in working with children and young people with attachment difficulties and other challenges from adverse childhood experiences. Some children's home providers also offer therapeutic input and/or access to education provision. Over recent years the size of children's homes has been reducing, with a growth in solo and two bedded homes, to reflect the ambition to mirror family life as closely as possible.

There is a significant challenge for local authorities in ensuring that there is enough good quality provision which allows children and young people to be placed as close as possible to their home area. Children and young people placed as close to home as possible are able to maintain family and friendship relationships (where positive), access their social worker, maintain their school placements and access local therapy services, leading to improved outcomes.

There are also challenges in ensuring that the cost of children’s home placements offers Value for Money for placing authorities. The weekly price of placements varies greatly and does not necessarily correlate to the quality of provision. The price of residential care in children’s homes is on an upward trajectory, partly due to the introduction of measures such as the National Living Wage and increased regulatory costs.

Residential children’s homes are currently contracted via a Framework, which provides no guarantee of placements for providers, but equally places limitations on the Council in being able to work in true partnership to drive up quality of provision and fully scrutinise price.

This report sets out the tender process undertaken and the recommended suppliers for contract award. A separate private briefing paper is also submitted on the tender submissions and the outcome of the tender which contains commercially confidential information as well as information in relation to safeguarding.

The Corporate Plan 2016-2019:

The tender process aligned with the Corporate Plan as follows:

Corporate Objectives	How the residential tender aligned with the Corporate Plan
Pioneering Plymouth – we will be innovative by design, and deliver services that are more accountable, flexible and efficient.	The tender included proposals to improve the performance of the contract both in terms of the quality and local availability of provision and the transparent use of resources to ensure maximum value for money.
Caring Plymouth – we will work with our residents to have happy, healthy and connected communities where people lead safe and fulfilled lives.	Children and young people are at the centre of the new contract, with emphasis on enabling them to live within a home that is as close to family life as possible, receiving appropriate support to improve their life chances and outcomes.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

This Contract Award report relates to existing spend that will be set against the proposed budgets for independent sector placements for 2018/19 and beyond. The tender has achieved savings which are set out in the Part II report.

The Caring in Partnership contract is part of a suite of actions aimed to ensure that spending on placements for children and young people in care is kept within financial plans. Plymouth City Council has used an average of 27 residential placements at any one time since 2014/15 and will continue to need to do so in order to meet complex needs. The current average weekly cost of a residential placement for Plymouth City Council is £4,110.60. Given that residential placements are consistently used and represent a significant financial investment for the Council, the tender aimed to achieve transparency of price and a % discount for guaranteed business.

As part of the tender, providers submitted prices for each year of the contract. This will enable Finance to be able to accurately anticipate and forecast the cost of local residential provision during the life of the contract.

Placements will continue to be made outside the contract, particularly if there is a specific reason for children to need to be placed away from Plymouth. These placements are likely to be higher cost, but it is intended that as local provision continues to grow, the use of high cost placements at distance will reduce.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The contract will have implications for child poverty and community safety by aiming to provide a stable, equitable family style environment for Plymouth children and young people to grow up in, provided by skilled staff. A key ambition for the contract is for children and young people to be supported to move on from residential care, when appropriate, into foster care or towards independent living. All children and young people placed will be supported to have opportunities to socialise appropriately with their peers, develop hobbies and interests which support resilience and be encouraged to prioritise their education and emotional health and wellbeing.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

It is recommended that the five residential providers listed in the Part II Report are awarded a contract. The financial impact of the tender is set out in the Part II report.

Alternative options considered and rejected:

Three possible alternative courses of action were considered and rejected:

Option I: Do nothing – continue with current contractual arrangements

Benefits	Risks
No additional commitment is required by Plymouth City Council – we can continue to spot purchase provision as and when needed	Price pressures will not be addressed, other than via a Peninsula response. This is likely to mean we are not getting the best prices possible for local provision
	Our influence on shaping the local market and driving up the quality of individual homes is limited
	We have done a significant amount of work with the provider market to encourage more collaborative working amongst themselves and with us as a placing authority. This option would indicate a lack of interest in progressing this relationship by providing more surety of business
	The current contractual arrangements expire 31 st March 2018
	Spend on residential children’s placements is significant; doing nothing does not make the best possible use of alternative ways of managing this market

Option 2: Allow a new Peninsula framework for residential care to be procured, including the Plymouth homes as part of a framework contract

Benefits	Risks
Plymouth provision is included as part of a wider Peninsula approach to the market	Timescales are not favourable; the earliest a new Peninsula contract will be in place is 1 st April 2018.
	A Peninsula framework may not enable place based commissioning to the same level as a separate tender.
	This option is unlikely to achieve any savings against possible spend on residential care for 2018/19 and beyond.

Option 3: New Peninsula framework is procured, with the option included to select local partners for further commissioning and procurement projects

Benefits	Risks
The option to be able to select local partners for further commissioning is favoured by the Peninsula Board so is likely to go ahead	The earliest a new Peninsula contract will be in place is 1 st April 2018. Local commissioning options would need to follow after the Peninsula process has reached award stage, leading to delay.
Allows for Plymouth commissioning to follow on from a Peninsula approach, as part of a consistent response to the market	The provider market is clear they want to see definitive actions; they are unlikely to be concerned if this is not part of a wider Peninsula approach
Enables consideration of proceeding with a Plymouth option in partnership with neighbouring authorities to mitigate risk, for example sharing beds with Cornwall	The Plymouth tender includes the option to offer vacant beds to neighbouring authorities.

Published work / information:

Not applicable.

Background papers:

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	
Equality Impact Assessment	X									
Peninsula Market Position Statement June 2016	X									

Sign off:

Fin	djn1718.141	Leg	ALT/29411	Mon Off		Strat Proc	LS/PSF/458/CP/1217
Originating SMT Member Alison Botham, Assistant Director for Children's Social Care							
Has the Cabinet Member(s) agreed the contents of the report? Yes							

I. INTRODUCTION

The business case for proceeding with a tender to procure residential children's homes through a block contract was approved by the Portfolio Holder for Children, Young People and Families in July 2017.

This Contract Award Report is to provide detail of the outcome of the Open Tender. The recommended providers for contract award are set out in the Part II report.

2. BACKGROUND

The availability of good quality placements for children and young people in care is of paramount importance in giving them the best possible chance to enjoy, aspire and achieve. Residential children's homes are a key part of the placement offer; particularly for those children and young people who are in crisis and find it very difficult to manage the dynamics of living in a family home. Critical to this is being able to provide placements in the right location; for the majority of children and young people in care it is beneficial to enable them to remain in the city, sustaining all the links which are positive and important to them.

Plymouth City Council operates two children's homes offering short breaks for children with disabilities. However, the majority of children and young people in care who require a residential children's home placement need a full-time provision which can support emotional and behavioural difficulties (EBD). These behaviours are often driven by past trauma, and require skilled and empathetic staff to provide the care and support needed.

Residential children's home placements have historically been commissioned via a Peninsula-wide framework contract using national specifications; in effect an approved list of providers registered with Ofsted to provide residential care. This contract does not require providers to open homes in any particular area. Over the last five years, Plymouth commissioners have worked in partnership with residential children's home providers to encourage them to open new homes in Plymouth. This has been successful; in 2012 there was one home in Plymouth offering two beds, in 2017 there are eight homes offering twelve beds.

However, the cost of setting up a new children's home is expensive; the provider is required to have the accommodation in place, along with a home manager and the staff team who will work in the home, before Ofsted can register the home as acceptable for children to be placed. The majority of residential children's homes are in rented properties, but this still requires a significant payment of rent up-front before any children are placed; it takes approximately six months to prepare a house, recruit a staff team and secure Ofsted approval. Market intelligence (local and national) shows that providers are seeking greater reassurance of business and partnership working before committing to opening new homes; prior to this tender the pace of new homes opening in Plymouth had slowed and it was increasingly clear that providers who had already invested significantly in provision for local children needed some further measure of support and commitment from the Council to continue to grow.

The specification for the service was jointly designed by representatives from Commissioning, Children's Social Care, the Virtual School for Children in Care and the NEW Devon Clinical Commissioning Group. The evaluation team was also comprised of representatives from these agencies.

3. TENDER SELECTION CRITERIA

The tender was run as an Open procurement process. The Tender was advertised as per procurement regulations to all those providers able to deliver the service; Ofsted registered children's home providers. A pre-tender launch event was held on 24th August 2017 which set out the scope of the tender and also provided training in completing a tender pack. This was attended by seven residential providers.

The standard Supplier Questionnaire (SQ) was used and also asked additional questions specific to this procurement to cover specific insurance requirements and safeguarding.

The tender was divided into two Lots:

- Lot 1 – for Providers with existing provision in Plymouth or within 20 miles of the Local Authority boundary
- Lot 2 – for Providers who wish to open provision in Plymouth or within 20 miles of the Local Authority boundary during the lifetime of the contract

A total of five providers submitted bids, with three providers submitting bids for Lot 1 (a total of 14 beds), and four providers submitting bids for Lot 2.

All providers successfully completed the SQ.

4. TENDER EVALUATION METHODOLOGY

The tender was weighted as 60% for Quality and 40% for price.

Lot 1 bidders were required to submit quality (Method Statements) and price information. Lot 2 bidders were required to submit quality information (Method Statements) only; placement prices are required to be submitted at the point new provision is proposed – see contractual/legal evaluation.

Following successful completion of the Supplier Questionnaire, each provider was assessed against three Method Statement questions. All Method Statements were evaluated individually by a panel of multi-agency evaluators and a moderation process was carried out for each Method Statement to achieve a consensus score and collate feedback. The Method Statement questions and scoring matrix are set out below.

Response	Score	Definition
Inadequate	0	Nil or inadequate response. Fails to demonstrate an ability to meet the requirement.
Requires improvement	1	Response demonstrates a limited understanding of the requirements but is lacking in sufficient detail in the majority of areas.
Fair	2	Response demonstrates a reasonable understanding of the requirements and a reasonable level of detail in certain respects, but lacks detail and understanding in several areas.
Satisfactory	3	Response is relevant and acceptable. The response addresses a broad understanding of the requirements and contains details on how the requirement will be fulfilled, although lacks additional detail in certain areas.
Very good	4	Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements will be fulfilled in the majority of areas.
Outstanding	5	Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement and provides details of how the requirement will be met in full. The response demonstrates innovation and added value, beyond the requirements.

Technical Response – Method Statements		
15%	Partnership working	<p>The extent to which the answers demonstrate that the provider:</p> <ul style="list-style-type: none"> ▪ Is able to utilise previous experience of partnership working with Plymouth City Council or other local authorities ▪ Has an understanding of partnership arrangements and who the key partners and services are in Plymouth for children and young people in care ▪ Is committed to developing new partnerships and networks in Plymouth, beyond statutory organisations ▪ Is committed to opening homes in Plymouth and/or has already opened homes in the city ▪ Is committed to both supporting and challenging partners to ensure the best outcomes for the child or young person
20%	Outcomes for children and young people	<p>The extent to which the answers demonstrate that the provider:</p> <ul style="list-style-type: none"> ▪ Is committed to an aspirational approach to care; supporting children to achieve and have ambition in all aspects of their lives ▪ Is committed to progressing children from residential care to family placement or towards independence ▪ Is committed to supporting attendance and attainment in education, employment and training ▪ Is committed to supporting improved emotional health and wellbeing ▪ Is committed to advocating on behalf of the child or young person ▪ Is committed to working to deliver and track outcomes as set out in a Care Plan ▪ Gathers and listens to the voice of the children and young people and will embed this in service improvements ▪ Is committed to delivering a service that meets the full range of needs of Plymouth children and young people, including equality and diversity
25%	Model of Service Delivery	<p>The extent to which the answers demonstrate that the provider:</p> <ul style="list-style-type: none"> ▪ Is committed to supporting placement stability through a multiagency approach ▪ Is committed to the principles of enabling trauma recovery for children and young people placed ▪ Will have an effective programme of staff recruitment, training , support and retention including therapeutic support for staff ▪ Is able to demonstrate evidence of regulatory performance through the percentage of existing homes that are currently graded good or outstanding by Ofsted ▪ Will have in place a culture of continuous improvement through reflective practice ▪ Will be aspirational in delivery of the plan for the child or young person and in promoting and celebrating their ambitions and successes.

For the price/commercial aspect of the tender, providers were required to submit the following:

- Breakdown of weekly fees for transparency – no score
- Weekly placement price per bed – 30%
- % discount against market rates per bed – 10%

A maximum weekly cost of £6,000 was set as the affordability threshold for the tender; two beds were offered which were in excess of this and were subsequently excluded from the tender.

The details of the successful providers for contract award are set out in the Part II report.

5. RISK EVALUATION

The following risks were considered when designing and carrying out the tender. The right hand column indicates whether this is still considered a risk for the implementation of the contract.

Risk	Mitigation	Current risk
No bids being received	Market research carried out. Pre-tender event held to gauge the level of interest in the contract opportunity.	Sufficient bids have been received
Bids received from providers offering poor quality provision	Quality test included in the tender. All providers must be Ofsted registered. The contract will be managed closely, including monitoring progress against a development plan. Homes which are subsequently graded inadequate will be supported in partnership to drive up quality. Placement fees will reduce by 10% a week until the home is graded Requires Improvement or better; the Council will provide support for the provider to enable this. Development of new homes will be subject to scrutiny of quality of provision.	All providers offering beds are of sufficient quality to proceed to contract award.
Bids received from providers which are unaffordable	An affordability threshold was included in the tender' bids exceeding this price were excluded. Bids were required to offer a % discount against weekly placement rates.	2 beds excluded on affordability grounds Accepted bids received offer Value for Money
Impact on neighbouring local authorities	All Peninsula authorities are parties to the tender; this means that any vacant beds Plymouth are unable to fill can be offered to neighbouring local authorities. The tender is designed to encourage providers to open new provision locally. It does not require providers to offer all the beds in each home under contract, thereby leaving beds available for other local authorities.	No new issues
Risk of void beds – the final decision of whether to accept a child or young person remains with the children's home manager (part of the Regulations)	All Peninsula authorities are parties to the tender; this means that any vacant beds Plymouth are unable to fill can be offered to neighbouring local authorities The contract specifies that payments under the block contract will not begin until the first child or young person is placed. The contract specification includes processes around matching children and young people to placements, as well as how to address any difficulties in doing this, using a partnership approach. Contracted providers will be supported to work together as a group with local partners, with regular group meetings and	No new issues

	opportunities to share training and best practice. This will provide opportunities to work collaboratively to resolve issues and build trust.	
Children and young people are brought back to the city without education or health provision (including Camhs) in place	<p>The tender was designed collaboratively with partners in Children's Social Care, Education, Participation and Skills and the CCG. Senior leaders are aware of the drive to bring children and young people back to the city, or to prevent them being placed at distance in the first place.</p> <p>All placements involving children and young people being brought back to the city will be carefully planned with partners to ensure that adequate provision is in place for their return.</p>	This requires on-going scrutiny and partnership working

6. CONTRACTUAL/LEGAL EVALUATION

The contract used is Plymouth City Council's terms and conditions for the provision of Services, with the addition of special terms and conditions relevant to the children's home provider market. These were approved by the Council's legal team prior to tender launch.

If a provider wishes to open a new home during the lifetime of the contract, they will approach the Council's commissioners with the detail of the proposed home. At that stage, commissioners will carry out due diligence, including consideration of the following:

- Development plan including timescales;
- Completed price schedules for each bed offered;
- Ofsted performance in other homes run by the Provider;
- Outcomes for Plymouth City Council children already placed with the provider;
- Consideration of submitted prices compared to local market rates;
- Location of the proposed placement;
- Size of the home offering the proposed placement;
- How the proposal is relevant to the current needs of the Plymouth City Council children in care population.

Following due diligence, the Council contract manager will arrange a meeting with the provider to share the outcome. The Council will reserve the right to decline an offer to add provision to the contract if the due diligence shows that the proposed addition will not meet the needs of Plymouth City Council.

REPORT ENDS