

<b>REPORT TO:</b>	<b>Cabinet 12 December 2016</b>
<b>AGENDA ITEM:</b>	<b>14.2</b>
<b>SUBJECT:</b>	<b>Award of 16+ Semi Independent Accommodation and Support Services Framework</b>
<b>LEAD OFFICER:</b>	<b>Barbara Peacock, Executive Director People</b>
<b>CABINET MEMBER:</b>	<b>Cllr Alisa Flemming Cabinet Member for Children, Young People and Learning and Councillor Simon Hall Cabinet Member for Finance and Treasury</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:</b>	
<p>The provision of semi-independent living services refers to accommodation and support services for vulnerable children and young people aged 16-17 that enables them preparing for their independence and reaching full potential during their transition to adult life.</p> <p>The development of the semi independent accommodation (SIA) Framework supports the achievement of a number of corporate priorities and supports the Administration's ambition to protect the most vulnerable and to enhance the life chances of Looked After Children, as contained in the Community Strategy 2013-2018:</p> <ul style="list-style-type: none"> <li>• by providing a safe place where vulnerable children maximise their independence (C2, B3)</li> <li>• by improving permanence and wellbeing outcomes for Looked After Children (C2.4).</li> </ul> <p>It also enables the Council to meet the statutory duties placed by the Children (Leaving Care) Act 2000 and Volume 2 &amp; 3 of the Children Act (Care Planning/Transition to Adulthood) by helping young people who have been looked after by a local authority achieve a successful transition from care into living independently. The Leaving Care Act (2000) requires that 16/17 year old 'relevant' children are provided with or maintained in suitable accommodation (unless the local authority is satisfied that their welfare does not require it). The act imposes additional leaving care duties to support and assist young people who are 16 plus and leaving care or who are eligible as children formerly in care. This includes duties to assess and meet the care and support needs of eligible and relevant children and Young People and to assist former relevant children, in particular, in respect of their employment, education and training.</p>	

## **FINANCIAL IMPACT:**

The total anticipated contract value of the SIA framework is £8.4m for the lifetime of the framework (2 plus 2 years at £2.1m per annum), based on the existing trend and the numbers of vulnerable young people remaining broadly similar to the current numbers.

These costs will be funded from the Councils revenue budget for the local Looked After Children, and the Home Office for UASC, with the Council Funding any shortfall associated with UASC if the Home Office grant is not sufficient to cover costs.

The framework approach in this report anticipates cost savings of up to 10%.

**KEY DECISION REFERENCE NO.: 3216CAB** This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

## **1. RECOMMENDATIONS**

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

- 1.1 The Cabinet is asked to approve the establishment of a framework agreement ("the Framework Agreement") for the delivery of Semi Independent Accommodation Framework for the provision of accommodation and support service to Looked After Children between 16 and 17 years old and the appointment of the providers to the Lot 1 Standard Placements, Lot 2 Sub-lots Complex Placements (and their respective Reserve Lists) detailed in the associated Part B report on this agenda for a term for a term of two (2) years with an option to extend for a further two (2) years at a maximum contract value of 8.4m.
- 1.2 The Cabinet is asked to note that the names of the successful providers will be released once the appointments to the Framework Agreement have been agreed and implemented

## **2. EXECUTIVE SUMMARY**

- 2.1 The Council has undertaken a tendering exercise with the aim of establishing a Framework Agreement to enable the Council deliver more efficient commissioning arrangements in the semi independent market as well as meet its sufficiency duty in terms of providing a range of semi-independent living service for Looked After Children aged 16 and 17 years who are able to live independently with various levels of support. The Framework Agreement will assist the Council in implementing its role as corporate parent to help and assist vulnerable young people in care to make a successful transition to a healthy and productive adult life. It will further enable the Council to secure availability of an affordable high quality service at the same time of creating more choice and

flexibility in the range of provision including those obtained locally and within a 20 mile radius.

- 2.2 The current contracts awarded under the existing approach using framework arrangements will expire on the 31st December 2016 following the approval of an extension by way of contract variation (decision reference no 32.16.LR). This will align to the planned implementation of the new Framework Agreement that will be in place by the 1st January 2017. Therefore the re-procurement of this service will ensure service continuity and the provision of high quality care for Looked After Children with robustly tested providers. It is expected that the contracts awarded under the new Framework Agreement will offer a high level of flexibility to meet future changing service needs and a continuum of support for young people moving from care to living independently in the community.
- 2.3 The procurement strategy for SIA Services was approved under the delegated authority given by the Leader of the Council (decision reference 36.16.LR).
- 2.4 The purpose of this report is to advise the Cabinet of the tenders received and the evaluation undertaken, further to which the recommendation is made for establishment of the new Framework Agreement for the delivery of Semi Independent Accommodation and Support Services for Young People Looked After aged 16 and 17 years.

<b>CCB Approval Date</b>	<b>CCB ref. number</b>
3 <sup>rd</sup> November 2016	CCB1178/16-17

### **3. DETAIL**

#### **INTRODUCTION & BACKGROUND**

- 3.1 The procurement of SIA supports the Council in meeting its sufficiency duty by providing additional placement capacity as an alternative to increasing demand for in-house and Independent Fostering Agencies (IFA) foster care provision, especially for children with highly complex needs. The proposed Framework Agreement will assist the Council in achieving this by improving access to high quality placements and creating greater competition in the social care market. The procurement exercise was undertaken in accordance with the 'Light Touch' regime under PCR 2015.
- 3.2 The new Framework Agreement for the provision of semi-independent placements will support the Council in securing a wider choice of external semi-independent placements and ensuring a diverse and quality assured market with clear agreed pricing structures. This will allow the service to continue to maintain a reduction in the number of residential and fostering placements and create greater choice and flexibility in the range of provision in the borough.

#### **Procurement Approach**

- 3.3 The approach taken for this procurement was to advertise for providers to tender for a new Framework Agreement that will provide SIA placements for children who are in need of standard and complex placements. The Council intends to

procure only new placements for semi-independent accommodation and support services through the Framework Agreement without affecting any existing placements. This will ensure that the stability of placements is maintained for all children looked after who are in their existing semi-independent placements.

3.4 The services within the Framework Agreement have been divided into two Lots based upon different categories of need as described below:

- **Lot 1:** Standard Placements including support services to enable the transition into independent living. Standard placements with basic support package (5 hours) included in the accommodation charge. No guarantee or commitment is provided by the Council as to the total volume or value of the Services that may be requested from a Provider who is appointed to Lot 1.
- **Lot 2: Complex placements** - supported accommodation for young people with complex and challenging needs including young people being remanded into care or other young people who are involved in the criminal justice system. This service offers 24 hour accommodation with enhanced level of support. Providers will be expected to provide a pathway for supporting Young People accommodated under a Complex Placement to move on to low need (i.e. Standard Placement) services aiming at tenancy sustainment and stability.
  - (i) Lot 2 Sub-Lot 1 will operate at a minimum volume of 12 placements with varying needs of support packages to be awarded in each year of the Framework Agreement.
  - (ii) Lot 2 Sub-Lot 2: the Council does not commit to awarding any minimum volume of placements under this Sub-Lot. The Council currently envisages that Sub-Lot 2 will be primarily reserved for the award of emergency Complex Placements.

3.5 Providers who tendered have been recommended for appointment to the relevant Lots on the Framework Agreement, on the basis of their ability to satisfy the Council that they could meet the qualitative requirements of the Service Specification and on their pricing using an evaluation methodology of 60% Price and 40% Quality.

3.6 Compliance with the Council's mandatory requirements and minimum quality standards were specified in the eligibility and subsequent award criteria of the tendering process. Site visits have been undertaken to shortlisted providers to verify information provided within the Method Statement. This process ensured that minimum quality standard have been met by all providers recommended for contract award. Additionally, the quality will be assured through robust monitoring of semi-independent placements within the Framework Agreement.

3.7 The Tenderers meeting the Council's selection requirements and ranked in order of their MEAT scoring (with the tender who provided the highest scored tender being ranked in first place) are recommended to be appointed under the

Framework Agreement; 15 Tenderers for Lot 1 Standard Placements and 5 Tenderers for each Lot 2 Complex Placement Sub-lot.

- 3.8 Those tenderers who have met the selection requirements for appointment to the Framework Agreement, and (a) who did not have a score in the top 15 (for Lot 1) and (b) who did not score on the top 5 (Lot 2 Sub-lot 1 and 2) highest scoring Tenderers are appointed to the Framework Agreement in order of their MEAT scores as a "reserve" list. This was made known to all bidders during the course of the tender process.
- 3.9 The operational implementation of the Framework Agreement will take place through the use of the Call-Off Procedures which sets out how individual placements will be made for each Lot/ Sub-lot. When a new placement is required the Council's intention is to approach the Eligible Providers on the relevant Lot/Sub-Lot in the first instance in the order described below to enable them to have the earliest opportunity to propose a care package.
- For the standard placements, two equal tiers of Eligible Providers will be established based on their ranking by the overall highest score of Quality and Price. The Council will first of all approach the top tier providers for call-offs. If, no suitable matches are found and the requirements of the call-off cannot be provided by the Eligible Providers, then the Council will approach those Providers on the reserve list in the same manner.
  - For specialist placements, the Council will first approach the Eligible Providers in Sub-Lot 1 who have offered to provide the Council's minimum guaranteed requirement for 12 Complex Placements in any year by order of their ranking. For any emergency spot placements, the Council will first approach the Eligible Providers in Sub-Lot 2, applying the same ranking and award approach. If no suitable matches are found and the requirements of the call-off cannot be provided by Eligible Providers, then the Council may approach Providers in the reserve list for Sub-Lot 2 in the same manner.
- 3.10 In all cases, the Council will set out the criterion for award of the call off and Individual Placement Agreement, which criterion are based on the best suitability to the needs of the child.
- 3.11 The Framework Agreement sets out an annual refresh procedure that is open to all of those providers who have been appointed to the Framework Agreement, whether as Eligible Providers or on the reserve lists for the respective Lots/ Sub-Lots. This procedure will be undertaken at the discretion of the Council.
- 3.12 The refresh will be set out in the form of a mini- competition via the London Tenders Portal and will enable all providers on the Framework Agreement (providing that their services have not been suspended and they have satisfactory passed a quality assurance inspection) to update their pricing schedules. Prices for the refresh process will be evaluated using the same methodology used for evaluation of price in relation to appointment to the Framework Agreement. Tenderers will not have the opportunity to change the Lots or sub-lots which they have previously applied for. This process will result

in the re-ranking of the providers within each Lot/ Sub-lot (including the reserve lists within the Lots/Sub-Lots).

- 3.13 The Terms & Conditions and Service Specifications under the Framework Agreement have been subject to a robust development process. They were developed using the London Care Placement Model Contract and have been updated to reflect the Council's requirements. External legal advice is provided on the tender including the refreshing the Framework Agreement and awarding call off contracts.
- 3.14 The overall procurement approach for this service recognises the importance of social value and enables local providers to participate in the provision of semi-independent placements. Social value selection criteria was included in the tender documentation on the basis of the Council's priorities. It has also encouraged the market response in creating apprenticeship and job opportunities for local people and further investment staff training that will in turn enhance the advice and support given to children and young people looked after in the borough. All providers were required to commit to paying any person employed or engaged in the performance of the services a rate at least equivalent to London Living Wage (LLW).
- 3.15 This Framework Agreement offers opportunity for partnerships development across the semi-independent market to better support transitioning of the young people toward their independent living in the community. All Providers who applied only for Complex Placements have confirmed their intention to establish a partnership with a Provider appointed to Standard placement to ensure smooth transition and continuity of services being delivered to young people with changing placement needs. Further work will be undertaken post contact award to support establishment of partnerships across the Framework Agreement Providers and ensure joint working arrangements and information sharing protocols are developed.

## **Evaluation**

- 3.16 The tender exercise was undertaken in line with a single-stage 'Open' procurement process. The Tender opened on the 22<sup>nd</sup> June 2016 with the deadline for submission on the 25<sup>th</sup> July 2016. Tenders were received from a total of 28 providers for the Lots/Sub-lots, noting that tenderers have submitted tenders for any number of Lots/Sub-lots.
- 3.17 Tenderers were required to submit responses to the standard suite of PQQ questions. A number of questions set out under Section 6 Additional Technical and Professional Ability Questions were scored by a tender evaluation panel. There was a greater level of scrutiny at this stage of the assessment due the service being unregulated by Ofsted and included assessment of various company policies, level of staffing qualification and training. Of the 28 tenders received, 3 tenders failed at this stage on the basis of receiving a low health score and not meeting the Council's minimum quality standards.
- 3.18 The 25 tenderers who successfully passed the initial evaluation were then subject to a further qualitative evaluation of their ability to meet the Council's

service requirements. Tenderers applied to be considered for any or a combination of Lot 1, and Lot 2 Sub-lot 1, 2 as presented below:

- Lot 1 Standard Placements - 22 tenders
- Lot 2 Sub-Lot 1: Complex Placements - 16 tenders
- Lot 2 Sub-Lot 2: Complex Placements - 17 tenders

- 3.19 Tenderers were required to submit separate method statements for each of Lot 1 (Standard Placements) and Lot 2 (Complex Placements) and separate prices for each of the individual Sub-lots within Lot 2 (Complex Placements). Tenderers were notified of the weighting that each quality criterion would carry. The evaluation of Tender Response was carried out separately for Lot 1 (Standard Placements) and Lot 2 (Complex Placements), and the award decisions for Lot 1 (Standard Placements) and each of the Sub-Lots within Lot 2 (Complex Placements) was independent of each other.
- 3.20 Pricing for each lot and sub lot (Standard, Complex) was evaluated separately. For the purpose of evaluation and entry onto the Framework Agreement prices submitted by Tenderers was averaged with specific weighting applied to standard and enhanced support packages for each Lot/Sub-Lot.
- 3.21 The tender assessment process for appointment to the Framework Agreement upon conclusion resulted in the development of 3 lists of successful Tenderers for appointment to each of Lot 1 (Standard Placements) and each of the Sub-Lots within Lot 2 (Complex Placements) in order of the scores they have achieved for the relevant Lot/Sub-Lot following the MEAT assessment.

### **The Evaluation Panel**

- 3.22 The evaluation panel was made up from officers and managers from the Children Social Care Team and Strategy, Communities and Commissioning (People). The Panel was chaired by the Delivery Manager for Fostering and Business Relationships Team. Each evaluator evaluated every qualitative submission independently and then the scores were brought together at moderation panels. A moderated score was agreed for each tender quality criteria. Successful Tenderers had to meet the minimum score of 3 out of 5 for any quality criteria (with the exception of the question relating to the participation in the Premier Supply Programme).
- 3.23 The tender evaluation was completed on the 19<sup>th</sup> October 2016 with a final moderation meeting undertaken on the 27<sup>th</sup> October 2016.

### **CONTRACT MANAGEMENT AND COMPLIANCE ARRANGEMENTS**

- 3.24 The proposed SIA Framework Agreement will continue to ensure improved service quality for Looked After Children. The Council has a statutory obligation to ensure that young people placed in semi-independent accommodation are cared for in establishments that have been thoroughly vetted and meet the minimum standards. On a national basis, semi-independent accommodation for young people between the ages of 16-17 remains unregulated by Ofsted and therefore, local authorities are required to implement their own monitoring

systems. In Croydon, the implementation of Contract Management Framework ensures that the required health and safety, safeguarding and safe caring standards are met and continue to promote the welfare and safety of Looked After Children.

- 3.25 Contract performance will be aligned to a set of quality areas measured through a performance scorecard. The data is reported through the robust governance arrangements agreed to manage the Framework Agreement.
- 3.26 Contract management and compliance arrangements are specified in the agreement and will include compliance audits at providers' premises, quarterly contract performance review meetings, announced and unannounced site visits as required and service user satisfaction surveys. Annual verification visits will be conducted for all providers including those on the reserve list.

#### **4. CONSULTATION**

- 4.1 Consultation has taken place on the development of the procurement approach through consultation events with a range of partners including LAC Permanency Team, Leaving Care, Housing, SNAP, BRT (placements team) as well as Provider Forums and engagement events with Looked After Children in semi-independent placements.
- 4.2 Delivery managers, Head of Service and the Divisional Director for Children Social Care have been consulted on the proposed tendering exercise.
- 4.3 Commissioners and service leads formed part of the tender project group that had responsibility for overseeing the tendering process; they provided both service and client group expertise whilst also playing an active role in devising an appropriate service specification in addition to sitting on tender evaluation.
- 4.5 The feedback, which is presented below, has informed the development of the new procurement approach and service specifications:
- Achieving independence through early preparation and support before transitioning to adulthood remains important to the young people.
  - During this period of transition and uncertainty in the young people's lives, they want to be informed, given choice, listened to and supported.
  - Building a trusting environment for young people in placement is essential in achieving and progressing into their adulthood.
  - Greater need to focus on the equality of the workforce employed to deliver key working support and staff training to meet the need of UASC population.
  - Greater need to raise cultural awareness of the workforce working with vulnerable UASC.



## 5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

### 5.1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
<b>Revenue Budget available</b>				
Local CLA	1,450	1,450	1,450	1,450
UASC	750	750	750	750
Total	2,200	2,200	2,200	2,200
<b>Effect of decision from report</b>				
Local CLA	1,200	900	900	900
UASC	1,030	1,200	1,200	£1,200
Expenditure				
Income				
<b>Remaining budget</b>	<u>(30)</u>	<u>(100)</u>	<u>(100)</u>	<u>(100)</u>

### 5.2 The effect of the decision

The total contract value for the four year period is estimated to be £8.4m based on anticipated volumes. It is anticipated that local placements will cost £3.6m and UASC placements will cost £4.8m. The funding for local placements will be met from the revenue budgets and the UASC placements will be funded from the Home Office UASC grant, with any shortfall being funded from revenue budgets. It is essential that placements are regularly reviewed to ensure costs are kept within budget.

The new contract will commence in January 2017 and therefore the level of savings against budget in 2016/17 shown above are only a part year.

**5.3 Risks** have been updated to inform the delays in the establishment of the new Framework by 1 January 2017 and that all new placements will be made on the new framework thereafter.

Key Risk	Likelihood	Mitigation
Safeguarding issues, risk of child not being safeguarded in the placement	Low	Compliance with safeguarding requirements were assessed during the tender process. The providers will be subject to requirements to comply with s11 self-assessment audit.
Challenge from providers in respect of procurement process.	Low	The Services in question fall within Schedule 3 to the PCR 2015, as such the Council was obliged to follow new 2015 "light touch regime.

		Involvement and advice sought from Legal Services
The demand for complex placements is below the guaranteed volume of work.	Low/ Med	The volume of work is set at a minimum of 60% of current placement needs on an annual basis. This volume is based on the historical prediction of the number of indigenous young people placed in 24 hour units. The numbers may fluctuate in future, though a large increase is not anticipated. The reduction in total cost and the small number of beds is felt to mitigate this risk.
Reduction in current HO daily rates in 2016/17	High	The council are making representations to the Home Office to ensure the funding rate paid is sufficient to fund all costs incurred. Currently the rate paid by the Home Office does not fully cover UASC costs, contributing to the financial pressure that the Children's Divisional budgets are experiencing.

#### 5.4 Options

This proposal to develop a new Framework Agreement is considered to be the optimum approach in the current circumstances.

All other options considered are included in the Procurement Strategy report.

#### 5.5 Future savings/efficiencies

It is anticipated that the new framework will achieve better value for money and cost saving up to 10%. This procurement contributes to the Croydon Challenge project for LAC that brings together a number of strategies aimed at ensuring that we as the Corporate Parent the Council are looking after those children where in ways that we can really improve their lives.

**Approved by: Lisa Taylor, Assistant Director of Finance and Deputy Section 151 Officer**

#### 6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

6.1 The Council Solicitor comments that the procurement process as detailed in this report would meet the requirements of the Council's Tenders and Contracts Regulations and the statutory duty to demonstrate best value under the Local Government Act 1999.

**Approved for and on behalf of Jacqueline Harris-Baker, Acting Council Solicitor & Acting Monitoring Officer**

#### 7. HUMAN RESOURCES IMPACT

7.1 This paper makes recommendations which may involve service provision changes with the current providers, and this may invoke the effects of the Transfer of Undertakings (Protection of Employment) 2006 Legislation. However, where the activities of the new service are "fundamentally not the same", TUPE

may not apply, as provided for by the 2014 amendments to the Transfer of Undertakings (Protection of Employment) 2006 Legislation. The application of TUPE or otherwise would be determined between the service providers.

Nevertheless, this could remain a change of service provision for which the Council is the client; on that basis, the role of the Council would usually extend no further than facilitating the process. There is no other substantial Human Resource impact for LBC staff.

**Approved by: Deborah Calliste on behalf of the Director of Human Resources**

## **8. EQUALITIES IMPACT**

8.1 The equality analysis of the SIA new Framework was undertaken. The analysis identified that the proposed procurement activity is likely to have a positive impact on equality groups that share a protected characteristic. There is no projected reduction in commissioned placements affecting access through the strategy. It is in fact expected to result in an increased number and quality of placements. The project will have a positive benefit for vulnerable Looked After Children as it provides regulated and supported accommodation for vulnerable young people in care.

## **9. ENVIRONMENTAL IMPACT**

9.1 There is no environmental impact arising from the recommendations in this report

## **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 Ensuring the welfare and safety of children by providing the right type of care and support is expected to have positive implications for children and young people. This is likely to allow for better educational and health outcomes for young people. In addition it is anticipated that this care and support will also significantly contribute to community safety by reducing the potential for young people to be involved in anti-social behaviour and or criminal activity.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

11.1 The new Framework will ensure that the services are continued to be provided by the Council in line with PCR 2015 and will enable the alignment of future services.

11.2 The proposed Framework Agreement will ensure improved service quality for children in care as this is an unregulated market but a key focus of inspections undertaken by Ofsted.

## **12. OPTIONS CONSIDERED AND REJECTED**

12.1 No other options other than those detailed in section 4 are being considered

**CONTACT OFFICER:**

<b>Name:</b>	Mirela Lopez
<b>Post title:</b>	Category Manager
<b>Telephone number:</b>	Ext. 63842

**BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972: Public - none**

**Exempt background document:**

**CCB Report: Contract Award – Extension of Semi Independent Accommodation Framework**