

CABINET

13 November 2018

Title: North East London Commissioning Partnership - Residential Placements for Looked After Children	
Report of the Cabinet Member for Social Care and Health Integration	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Valerie Tomlinson-Palmer – Senior Commissioner– Children’s Care and Support	Contact Details: Tel: 020 8227 3549 E-mail: valerie.tomlinson-palmer@lbbd.gov.uk
Accountable Director: April Bald; Operational Director Children’s Care and Support	
Accountable Strategic Leadership Director: Elaine Allegretti, Director of People and Resilience	
Summary: <p>This report sets out proposals for the Council to proceed to procurement for the block provision of 35 residential placements for Looked After Children (LAC) as part of the North East London Commissioning Partnership (NELCP), which also includes the London Boroughs of Havering (the lead Borough), Tower Hamlets, Newham, Waltham Forest, Redbridge, Hackney and The Corporation of the City of London.</p> <p>Joining the Partnership will enable the Council to explore opportunities to engage in shared services and joint working to increase efficiencies, cash savings and service delivery. Savings will also be made by a reduction in administrative effort and cost for the contracting authority. In addition, the initial tendering process allows contracting authorities to identify competitive suppliers, who should offer more competitive prices based on an expected volume of business.</p> <p>The resulting contract/s will also give more choice and flexibility when sourcing placements for LAC.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Agree that the Council participates in the North East London Commissioning Partnership for the joint procurement, led by the London Borough of Havering, for the block provision of up to 35 residential placements for Looked After Children across the region, in accordance with the Council’s Contract Rules and in accordance with the strategy detailed in the report; and	

- (ii) Delegate authority to the Director of People and Resilience, in consultation with the Cabinet Member for Social Care and Health Integration, the Chief Operating Officer and the Director of Law and Governance, to award and enter into the agreement and all other ancillary agreements upon conclusion of the procurement process.

Reason(s)

- To support the Council's vision to "protect the most vulnerable, keeping adults and children healthy and safe".
- To provide an appropriate, best-value service that delivers excellent outcomes for children and young people.
- To help relieve budget pressures by ensuring the best value for money options are available to the Nominated Officer when seeking to place a young person.

1. Introduction and Background

- 1.1 The lived experience of young people in residential care and value for money that local authorities are experiencing are both variable. Across the sub-region there is a lack of sufficient placements and inconsistent quality from local providers, which results in many young people being placed outside of their home authority or being placed in a residential setting that is unsuitable. Residential placements are often a last resort for young people and contribute to instability in their lives. These factors significantly impact on the young person's lived experience and their ability to achieve positive outcomes.
- 1.2 In 2015 Sir Martin Narey undertook an Independent Review into children's residential care. His report focused on how residential care can be improved considering both regulated and unregulated settings.
- 1.3 An application for funding from the Innovation Fund was made to the DfE by the Havering Director of Children's Services. The proposal aimed to create a sub-regional partnership led by the London Borough of Havering in partnership with Barking and Dagenham, Newham, Redbridge, Hackney, Waltham Forest and City of London Corporation to test Sir Martin Narey's view that coming together as a sub-regional partnership could lead to significant savings and improved outcomes for children. The programme is based on evidence from the Buckinghamshire regional commissioning model which used block contracts and relationship management with a provider to achieve cashable savings, sustainable relationships between the local authority and provider, and improved stability for young people. The programme will test Buckinghamshire's approach and Narey's hypotheses with looked after young people aged 11-17 in a densely populated London sub-region.
- 1.4 The DfE informed the London Borough of Havering that the proposal for funding was approved. The DfE awarded £835,750 to the sub-regional commissioning partnership to deliver an innovative model of residential care. The Partnership will jointly commission up to 35 residential LAC placements within the geographical footprint of Northeast London. After the first three years the local authorities in the Partnership will need to negotiate their ongoing contribution to the sub-regional commissioning function. It is expected these contributions will come from the realised joint commissioning savings.

- 1.5 The average cost of a residential LAC placement outside the Northeast London sub-region is £179,848 per year. The average cost of a residential placement within the footprint of Northeast London is £131,561 per year.
- 1.6 Each of the eight local authorities duplicates a brokerage system to purchase LAC residential placements based on a spot purchasing system. The quality of providers within the Partnerships footprint is highly variable, forcing local authorities to place many LAC children a long distance from their home.
- 1.7 Placements through the new contract/s will be managed and quality assured by the Havering LAC brokerage team. The additional resource required to expand the Havering team capacity will be funded by the Innovations Fund grant for the first three years. Thereafter the member councils in the Partnership will need to negotiate their contributions to the central brokerage function from the first three years savings. If the savings prove substantial; the member local authorities may wish to consider expanding the number of beds being jointly commissioned.
- 1.8 Currently commissioning residential placements across the sub-region currently has five main problems:
- 1.9 **Instability and unsuitability** - young people in residential care from across the sub-region have expressed feelings that residential placements are 'done to' them and have said that they do not feel their views are always considered regarding their placement options. Young people who are placed outside of their community often express feeling of isolation and loneliness as it is difficult to maintain meaningful relationships with their family network, peer group and professional network. These feelings often lead young people to go missing from their placement, this often raises the risk of sexual exploitation. Such placements, arranged without planning, are often short lived with mixed outcomes.
- 1.10 **Value for money** - all eight of the local authorities across the Partnership spot purchase residential placements. Spot purchasing occurs on a case-by-case basis and often results in local authorities within the sub-region competing against each other for limited placements with trusted providers. This in turn drives up the price over time. The average residential placement cost for each local authority in Northeast London varies; however, each local authority in the partnership has seen an increase in the average residential placement cost over the past two years. Some local authorities have seen an increase of approximately 21% in the average residential placement cost in the last two years.
- 1.11 **Inefficient commissioning arrangements** - each local authority has their own team or specific officers who are in charge of identifying residential placements and matching young people. It is not uncommon for a placement officer to call upwards of 100 residential providers before finding a provider who can and is willing to accept a young person. The time spent identifying placements and matching is significant. This process is resource intensive and creates significant duplication across the sub-region as officers from different local authorities are telephoning the same providers.
- 1.12 **Variable quality** – both commissioners and young people in the sub-region report that quality varies between residential providers. Young people are often placed

outside of their communities due to a lack of quality and lack of capacity in local residential providers. Local authorities in the sub-region struggle to consistently and effectively ensure high quality residential placements due to a culture of spot purchasing and the current relationship between supply and demand in the market. Individual local authorities do not currently have sufficient influence in the market to shift commissioning practices.

- 1.13 **Quality of relationships** – the current commissioning framework in Northeast London does not create a platform for developing lasting and meaningful relationships between local authorities and providers. Due to high demand and limited supply, commissioning teams spend most of their time finding placements and not working with providers to develop quality focused on improving outcomes for young people. None of the local authorities in the sub-region hold block contracts with residential providers. All local authorities in the partnership rely on spot-purchasing.
- 1.14 The goals are to improve the lived experience of young people aged 11-18 with high emotional needs (those who cannot or will not stay in foster placements) in residential care and improve value for money. There will be a fixed price per placement for basic requirements and a sliding scale of costs for more specialist support over and above this. There will be an expectation that the specialist costs will reduce as LAC children progress along their care plan.
- 1.15 A comprehensive six-month co-production/ market stimulation exercise has been undertaken to ascertain the needs of LAC and the views of providers. Over 120 providers have been included in the co-production of the contract specification.

The Sub-Regional Partnership.

- 1.16 A sub-regional partnership across Northeast London has been developed. The constituent local authorities in the Partnership have negotiated a legal agreement enabling the London Borough of Havering to operate as the Lead Authority and Commission LAC placements on their behalf.
- 1.17 The aim is to agree an eight-year block contract with the providers (4+2+2 years). A contract of this duration will give the Partnership an opportunity to cultivate close and effective relationships with providers. The Partnership also aims to improve outcomes for young people by implementing payment-by-Innovation clauses into the contract. This will incentivise the providers to strive for continued improvement based on positive outcomes for young people, such as representation in Education, Employment, and Training, sustainable step-downs from residential care, and placement stability.
- 1.18 The other innovative aspects of the contract specification are:
- 1.19 **Focus on quality** – focusing on quality is a thread that runs through this programme. One of the innovative ways the Partnership will achieve quality is through workforce development opportunities. To start with, residential staff will be trained in foundation level systemic practice. Systemic practice is an evidence-based model that has proven effective in children's services and residential settings in a few areas across Britain. Another way this programme develops the residential workforce is by developing a career pathway into the social work profession. The

NELCP will work with learning and development teams across the partnership to include residential workers in the 'Step-up to Social Work' qualification scheme and "grow" social workers within the sub-region. Likewise, the NELCP will offer staff in social care the opportunity of secondments into residential work. This model will upskill the residential workers and creates a coherent and complementary approach to working with young people across social care and residential care.

- 1.20 **Three-way co-production** – The NELCP are expanding the concept of co-production to include the residential provider. Developing an equitable relationship between the commissioners, young people, and the provider can go a long way in breaking down barriers in the current framework.
- 1.21 **Scaling and spreading innovation.** The evaluation and evidence collated through the commissioned provision will enrich our understanding of the lived experience of young people in residential care and enable the NELCP to disseminate its learning across the partnership and to a wider audience.
- 1.22 The directors of children's services across this sub-region are committed to delivering on this vision. Wider discussions are taking place about how this model can be scaled up and spread to commissioning for different populations of looked after children in the North East London sub-region.
- 1.23 The formalised sub-regional partnership will also provide a blueprint for future sub-regional ventures between the eight local authorities. In order to support the dissemination of learning outside of the Northeast London sub-region, the Partnership will produce a codification of the solution throughout the funding period and produce a toolkit to support other local authorities to establish the programme in their area.

2. Proposed Procurement Strategy

2.1 Outline specification of the works, goods or services being procured

- 2.1.1 The tender process will be conducted in compliance with any European Union rules and principles and the Council's Contract Rules. Havering is using the capital Esourcing (Bravo) Procurement Portal for the Procurement Process: www.capitalesourcing.com.
- 2.1.2 There is a requirement for the tender to be advertised in the OJEU as it is subject to the Regulations. The Council's own Contract Rules require a formal tender process to be followed and the EU Treaty principles of transparency, non-discrimination and equality of treatment do apply.
- 2.1.3 The procurement process will be a single stage open tender with the encouragement for submission of consortium bids and will offer the opportunity and support to less experienced providers to submit a tender for this contract.
- 2.1.4 All providers who express an interest in the tender will be issued with a tender pack which will give clear details on the price/quality criteria and weightings. The proposed weighting will be 50% quality and 50% price.

2.1.5 It is proposed that the placements will not be at 100 percent occupancy from the outset of the contract. The local authorities in the partnership will identify how many LAC they can transfer into the new placements and the expected timescales where they can move towards 100% occupancy. A risk to this procurement exercise is that the LAs have to carry the cost of vacancies. To mitigate against this risk:

- The contract will only start with the number of beds immediately needed and gradually increase up to 5 beds per LA. So there are no vacancies until full capacity is reached.
- Once full capacity is reached any future vacancies will be paid for by the LA. However, LAs can sell their allocation to other LAs in the partnership at cost price or sell on the open market.

2.1.6 The minimum standard documentation will specify clearly the need for the service to be of the highest quality and will be closely monitored by Children's Services' Officers with the lead borough ensuring quality and compliance.

2.2 Estimated Contract Value, including the value of any uplift or extension period

2.2.1 There is zero cost to the Northeast London local authorities to establish the joint commissioning arrangements because the set-up costs are funded by the DFE Innovations grant for the first three years. Thereafter the local authorities would need to negotiate their contributions to fund the central contract management function.

2.2.2 The contract will not generate new spend – it will be redirecting current spend in order to make a saving. Each Local Authority is expected to spend up to £650,000 per year over eight years if full capacity is reached.

Partnership Fee

2.2.3 After 3 years each local Authority will decide if they wish to continue in the Partnership arrangement. If they choose to do so then they will pay a partnership fee which will cover the administration for the group. This is expected to be between £10k and £14k per year. It is expected that these contributions will come from the realised joint commissioning savings.

2.3 Duration of the contract, including any options for extension

2.3.1 The contract will be an eight-year block contract with the providers (4+2+2 years). It is worth noting that after 3 years each authority will have the option to continue as part of the Partnership.

2.4 Is the contract subject to (a) the (EU) Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for services, are the services for social, health, education or other services subject to the Light Touch Regime?

2.4.1 Contracts are subject to the Public Contracts Regulations 2015 however the contracts with each provider are considered a 'light touch regime contract' under current procurement legislation.

2.5 Recommended procurement procedure and reasons for the recommendation

- 2.5.1 The procurement process will be an open tender with the encouragement for submission of consortium bids with a single lead provider. Service delivery will commence from 1st April 2019.
- 2.5.2 The procurement exercise will ensure compliance with Havering's Contract Rules and EU Legislation and (subject to contract) the award of contract/s will ensure the Council fulfils its statutory duty to provide Residential Placements and the sub regional aim of placing LAC children closer to home.

Table 1: Procurement Timetable

Activity	Completion Date
Procurement strategy submitted to Pre-Procurement Board	24 September 2018
Procurement strategy submitted considered at Pre-Procurement Board	1 October 2018
Procurement strategy report submitted to Procurement Board	8 October 2018
Procurement strategy report considered at Procurement Board	15 October 2018
Procurement report submitted to Cabinet	25 October 2018
Report considered at Cabinet	13 November 2018
Procurement/tender exercise	7 January – 22 February 2019
Alcatel (10-day standstill period)	11 March – 22 March 2019
Contract award	25 March 2019

2.6 The contract delivery methodology and documentation to be adopted

- 2.6.1 Funding has been requested from the DfE over a 33-month period. The first six months have been focused on the tendering process. During this period NELCP has engaged local providers to explore the feasibility of developing a consortium and explored the options of commissioning external providers. Consultation has also taken place with young people to develop the service specification and solidify their roles in the programme governance and evaluation. The NELCP aim to submit the invitation to tender and award the block contract within the first 12 months of the programme. (Please see timetable above).
- 2.6.2 The second phase will be a mobilisation period where the sub-regional leads, project team, young people, and providers work collaboratively to develop the residential setting and the quality of practice within that setting. Residential staff will receive the systemic practice training and the career pathway into professional social care will be defined. Also, during this period the central brokerage team will be created and go live.
- 2.6.3 The third phase will be the operational stage for the provider and young people. The centralised brokerage service will review young people aged 11-17 currently

in residential placements to see if they would be better matched with the new placement option/s. Young people who are identified will be consulted with over the potential transition. Simultaneously, young people entering care and requiring residential placements will be reviewed and matched for the new provision.

2.6.4 At the fourth phase, which will begin approximately 9 months into delivery, evaluation will begin and carry on until month 33. Commencing the evaluation from month nine will allow 24 months to robustly evaluate value for money and the impact on young people produced by the programme. This evaluation will be instrumental in assisting Barking and Dagenham to decide on whether to continue to be part of the Partnership arrangement.

2.7 **Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract**

2.7.1 Through this programme the group will achieve two key long-term outcomes: improved lived experience of young people in residential care and improved value for money for the sub-regional partnership.

2.7.2 **Improving the lived experience of young people in residential placements –** The NELCP approach to commissioning seeks to fundamentally change the relationship young people have with residential care. Using a model of co-production, The NELCP have worked with young people to design the service specification, influence service improvements, and have representation in the governance framework. Alongside this it will develop a coherent and complementary approach to direct work with young people by training residential staff in systemic practice. Using a relationship-based approach to co-production with young people and the residential provider, its aim is to facilitate a dialogue between the local authorities, young people and provider that will open up opportunities for collaboration and innovation within the residential setting.

2.7.3 Outcomes:

- Improved placement stability measured by the Stability Index and number of placement breakdowns;
- Improved placement suitability measured by in-placement interviews with young people and the number of unplanned placements moves;
- 90% of young people placed through will programme will be in Education Employment or Training;
- 100% of young people placed through with programme will remain in the sub-region and close to their home authority;
- Increase in young people staying put in residential placements until the age of 21;
- Decrease in unauthorised absence from placement and missing episodes;
- Decreased risk of sexual exploitation.

2.7.4 Financial Outcomes:

The Buckinghamshire model evidenced:

- 1) a reduced average residential weekly cost
- 2) a reduction in overhead costs and
- 3) a stronger relationship between the provider and regional partnership.

- 2.7.5 Success of the project will be demonstrated by residential placements providing a higher quality service for young people at a lower cost to the local authority. Implementing a block contract and payment-by-results with a provider will help control costs and help control the quality of care provided in the residential home.
- 2.7.6 Buckinghamshire has evidenced a 25% reduction in the average weekly residential placement cost through their model. The NELCP aims to achieve a 20% reduction in the average weekly cost in year one. Achieving this reduction for 35 young people would result in £1,356,628 of cashable savings in the first year of the provider being live at full capacity.
- 2.7.7 Developing a shared brokerage resource across the sub-regional partnership will reduce overhead costs associated with matching and managing the placements. Additional overheads, such as social worker travel time, will be reduced due to having a local residential provision.
- 2.7.8 Systemic practice has proven effective in wave 1 Innovation Fund programme evaluation. For example, in Tri-borough, systemic practice has reduced the number of re-referrals and the number of young people subject to LAC and Child Protection Plans. Drawing from the systemic expertise in Havering, Hackney, and Newham, the NELCP wishes to demonstrate that systemic practice can help reduce the average duration of residential episodes where a young person has a care plan to return home or live semi-independently.
- 2.7.9 The NELCP will also evaluate the model's ability to support sustainable step-downs from residential care. Reducing the placement duration and the number of young people who have multiple episodes in residential placements will provide significant financial savings to the sub-regional partnership and improved stability for young people.
- 2.8 **Criteria against which the tenderers are to be selected and contract is to be awarded**
- 2.8.1 The tender process will be conducted in compliance with any European Union rules and principles and the lead Council's Contract Rules. The tendering of this service will be advertised on each Council's website and on Contracts Finder which is a free service for businesses, government buyers and the public. The service comes from the government's commitment to transparency and allows suppliers to find contract opportunities.
- 2.8.2 There is a requirement for the tender to be advertised in the OJEU as it is subject to the Regulations. The lead Council's own Contract Rules require a formal tender process to be followed and the EU Treaty principles of transparency, non-discrimination and equality of treatment do apply. The route of a tender process has previously worked well: providers engaged with and had no issues with the way in which the procurement process was run. Interested parties will be invited to tender on the basis of a compliant tender process.
- 2.8.3 All providers who express an interest in the tender will be issued with a tender pack which will give clear details on the price/quality criteria and weightings. The

proposed weighting will be 50% quality and 50% price This will be a single stage tender using the Open Process.

- 2.8.4 The evaluation split is based on advice from the Havering procurement check point due to the fact that the main purpose of the contract is to raise the quality of local provision. Whilst savings are important to the program they are secondary to the quality issue. Needs analysis of current residential placements within each authority will take place and the initial contract/s will be solely for the number of places currently required by the Partnership.
- 2.8.5 The following scoring will be used:
- 10 points on Staffing
 - 25 points on Service Delivery and Quality
 - 10 points on Outcomes
 - 5 points on Safeguarding
- 2.8.6 Price revisions to the specialist element of the provision will be permitted. The pricing structure is divided into two sections; the core cost of the placement and additional specialist support.
- 2.8.7 The core cost of the placement will be fixed, but the specialist element of the costs can increase or decrease based on the child's requirements in their care plan and negotiated between the commissioning manager and provider. Although specialist costs can vary there are fixed costs on a menu agreed during the tender stage.
- 2.8.8 The Service will be delivered by between 1 and 3 external providers and will not open to other Local Authorities. Consortium bids with one lead provider has been encouraged. Documentation to be adopted will be the London Borough of Havering's standard terms and conditions.
- 2.8.9 Tenders will be assessed on a balance between the cost of the service and the quality of the service they offer, that is to say 'the value for money' they offer the authority. This is the optimum balance of whole-life costs and benefits that meet the customer's requirements. The Council will request written Statements to detail how they will meet the individual needs.
- 2.8.10 The Tenderer may decide how much detail to include in each Statement but should ensure that the Statement "collectively" demonstrates to the Partnership that the Contractor is able consistently to provide a high-quality service under a complex contract of this type. Each Statement must NOT exceed 500 words Per question. The evaluation will determine the most economically advantageous offer.
- 2.8.11 Referrals will be made by the Local Authority directly to the Provider/s in accordance with the Referral Process described below.
- 2.8.12 The Nominated Officer in the London Borough of Havering's Brokerage team will issue a referral request detailing the requirements for meeting the specific needs of the young person to be placed. This request will include a risk assessment of the young person and an initial assessment of the young person's needs and the support package required.

- 2.8.13 The Provider/s must respond to the Nominated Officer confirming how they propose to meet the requirements of the placement and confirming the rates applicable to the proposed placement based on the Pricing Details in the Provider's final tender.
- 2.8.14 The Nominated Officer in the London Borough of Havering's Brokerage team will assess the Proposals and select the Provider that best meets the requirements of the specific placement.
- 2.8.15 The assessment of the proposals will be against criteria which will be ranked by descending order of importance on a case by case basis according to the requirements of the specific placement and set out in the referral document. The criteria are:
- Geographical Location
 - Compatibility of profile / Skills of the proposed Keyworker with the young person's needs
 - Overall suitability of the Provider for meeting the young person's needs
 - Weekly price of delivering the requirements of the placement
- 2.8.16 A record of the referral request/assessment will be kept by the Nominated Officer. Once a preferred Provider has been selected for the placement, the following will be discussed with the Provider either by telephone or in a pre-placement meeting:
- A pre-placement visit to the accommodation by the young person
 - A placement planning meeting date agreed on or before the date of admission
 - A date for the placement to start.
- 2.8.17 In the instance of an emergency placement, the Nominated Officer retains the right to expedite the process as they see fit based on the needs and situation of the YP. Once satisfactory arrangements have been fully agreed, an Individual Placement Agreement will be completed with the Provider for that placement"

2.9 **How the procurement will address and implement the Council's Social Value policies**

- 2.9.1 The Council continues to be committed to promoting the welfare of and protecting the most vulnerable children and young people in Barking and Dagenham. It will meet the Council's Social Value policies and the Social Value Act 2012 by:
- **Promoting employment and economic sustainability:** tackle unemployment and facilitate the development of skills amongst providers
 - **Building the capacity and sustainability of the private and voluntary sector:** enabling companies to provide the service and encourage volunteering and employment of local residents where applicable
 - **Creating opportunities for SME's and social enterprises:** Enabling the development of local businesses in the provision of this service.

2.10 **Contract Management methodology to be adopted**

2.10.1 Service to be provided by external providers. Havering is the lead authority and will be responsible for contract procurement, management and monitoring functions.

2.10.2 The Partnership is stipulating several outcomes that successful providers must deliver:

- Improved placement stability measured by the Stability Index and number of placement breakdowns;
- Improved placement suitability measured by in-placement interviews with young people and the number of unplanned placements move;
- An increase in the number of young people placed will be in Education Employment or Training;
- Increase in young people 'staying put' in residential placements until the age of 21;
- Increase in the number of LAC 'stepping down' out of residential care;
- Decrease in unauthorized absence from placement and missing episodes;
- Decreased risk of sexual exploitation;
- Decrease in the number of engagements with the criminal justice system.

2.10.3 Below is a list of organisational performance indicators that the NELCP will track through the programme.

- Placement Stability:

- Stability Index (Developed by the Office of the Children's Commissioner);
- Number of placements moves;
- Number of unauthorised absences and missing episodes.

- Placement suitability:

- Feedback from young people;
- Number of unplanned placements moves;
- Wellbeing of young people in residential placements measured through the Strengths and Difficulties Questionnaire.

- The number of new local placement options within the sub-region

- Improved educational attainment - the percentage of those in care achieving 5 A*-C for GCSEs

- Staying close – all young people placed in residential care through this programme will be placed within 20 miles of their home authority

- Child Satisfaction: measured through surveys

- The number of young people involved in the co-production (young person's forum and programme governance)

- Residential provider satisfaction measured through surveys

- Local Authority satisfaction across the partnership measured through surveys

- The number of young people engaged with community professionals, i.e. CAMHS and health providers

Individual Child Outcome Monitoring

- 2.10.4 The Partnership will also be monitoring individual children's progress towards their personal targets. This will be accomplished using:
- Care plans
 - Stepdown plans
 - Personal education plans

Financial Monitoring

- 2.10.5 Financial monitoring will be accomplished using:
- Average weekly cost of residential placement with provider vs. residential placement cost outside of provider;
 - Average duration of residential placement;
 - Reduction in overhead cost savings from young people placed less than twenty miles from their originating community;
 - The number of young people who are sustainably stepped-down from residential placements;
 - The reduction in overhead costs delivered through smarter commissioning and a centralised approach;
 - Reduced usage of secure placements.

3. Options Appraisal

3.1 Option 1: Do nothing

Current agreements with providers have varying quality standards and pricing which together with the administration of spot purchasing governance and documentation has resulted in an inefficient process that does not deliver proven value for money. If we do nothing this will continue to add pressure to service budgets and provide an inconsistent service to our young people. In addition, the average weekly cost for residential placements in the sub-region has risen by more than 20% in the last two years.

3.2 Option 2: Procure as a single borough service

Going out to market on our own would not offer the same opportunities for economies of scale (thereby maximising value for money) that an eight-borough tender across North East London would offer. There would also be no savings relating to a central brokerage function.

3.3 Option 3: (Preferred Option) Participate in the NELCP Partnership

Joining the Partnership will enable us to explore opportunities to engage in shared services and joint working to increase efficiencies, cash savings and service delivery. Savings will also be made by a reduction in administrative effort and cost for the contracting authority; in addition, the initial tendering process allows contracting authorities to identify competitive suppliers, who should offer more competitive prices based on an expected volume of business.

4. Waiver

4.1 Not applicable for this procurement.

5. Consultation

5.1 A comprehensive six-month co-production/ market stimulation exercise has been undertaken to ascertain the needs of LAC and the views of providers. The Partnership has also held a market mobilisation event and facilitated several provider workshops to stimulate the market. In addition; over 120 providers have been included in the co-production of the contract specification.

5.2 Sliver Lined Horizons has been engaged to carry out the youth engagement throughout the contract to ensure that young peoples voices are heard as young people across Northeast London often describe feeling that services are “done to” them and say that they do not feel like their voices are heard during the placement and planning processes. Young people have stated they:

- Do not like being placed outside of their communities
- Want more support to maintain good relationships because isolation and loneliness is common
- Would like more services to be available as they transition to adulthood
- Want more input and more choice about where they are placed and where they live
- Want a clearer and easier care system to navigate
- Would like more support to return home

5.3 In addition; the partnership in consultation with providers and young people have developed an alternative to payment by results; payment by innovation. 7% of the contract award will be withheld and released at the end of each year upon the demonstration of innovative practice by the provider. This innovative practice will be linked to social Impact bonds and assessed by a panel of young people.

5.4 These proposals were considered and endorsed by the Procurement Board on 15 October 2018.

6. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

6.1 The paper is recommending an open process but, in my view, it still needs to make it clearer that the award will be to a single bidder, as either a single entity or the lead of a consortium.

6.2 The evaluation criteria set out in the report is 50% Quality and 50% costs, I think this is acceptable

6.3 The costs evaluation criteria has been outlined as 50%, the methodology allows for this to be submitted in two parts, firstly a fixed core cost, and secondly additional requirements. The Client function will need to ensure that all additional

requirements are able to be met under this process, and that the costs charged meet the rates as outlined in the bid document.

7. Financial Implications

Implications completed by: Katherine Heffernan, Group Finance Manager

- 7.1 This report seeks approval for LBBD to join the North East London Commissioning Partnership to procure residential placements for Looked after Children. The proposal may offer the opportunity to reduce the current cost pressures on the placements budget.
- 7.2 The current average annual cost of a LAC residential placement for is circa £188,000. The report estimates a 20% reduction on average costs this could save c£37,000 per annum based on the Council's annual cost for a LAC placement if the reduction is achieved. This proposal is likely to deliver a cost reduction due to the economies of scale gained by the 8 Borough Partnership.
- 7.3 The report suggests the block will be for up to 35 placements shared between the partner authorities. The LBBD allocation is expected to be five placements. If the block does achieve savings, then it will be beneficial to place LAC who require residential care within this contract in preference to any other residential provision. The number of residential placements required to accommodate LBBD children is much greater than five and so it should be possible to make use of this allocation. However, the nature of the contract should be specified to avoid paying for unused placements. The potential saving of 20% on up to five placements would be in the region of £188k.
- 7.4 The London Borough of Havering would be the lead for the project and funding has been provided by the DFE of £835,750 to set up the partnership. There is no initial outlay required for LBBD to join this arrangement in the first three years. In year three the expectation is that the cost for the Borough to maintain the arrangement will be a maximum of £14,000 and the service would need to make a provision within its budgets or from savings generated to meet this cost.

8. Legal Implications

Implications completed by: Kayleigh Eaton, Senior Contracts and Procurement Solicitor, Law and Governance

- 8.1 This report is seeking Cabinet's approval to proceed with the procurement of block provision of 35 residential placements for looked after Children (LAC) as part of the North East London Commissioning Partnership (NELCP) led by the London Borough of Havering.
- 8.2 The proposed new procurement is for services which are subject to the Light Touch Regime under the Public Contracts Regulations 2015 (the 'Regulations'). The value of the proposed contract is above the Light Touch threshold meaning that it will need to be advertised in the Official Journal of the European Union (OJEU). There are no prescribed procurement processes under the light touch regime, therefore Havering may use its discretion as to how it conducts the procurement process provided that it discharges its duty to comply with the Treaty

principles of equal treatment, non-discrimination and fair competition; conducts the procurement in conformance with the information that it provides in the OJEU advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Following the procurement, a contract award notice is required to be published in OJEU.

- 8.3 This report advises that it is the intention that Havering will be tendering this contract in accordance with the Regulations using the Open procedure. The requirements for competitive tendering, as contained within the Council's Contracts Rules, are met as Rule 5.1 (b) advises that it is not necessary for officers to embark upon a separate procurement exercise where a procurement is made by another local authority acting for the Council, providing the Regulations and standing orders of the lead authority have been followed.
- 8.4 Contract Rule 28.7 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval. In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contracts following the procurement process with the approval of Corporate Finance.
- 8.5 The Responsible Directorate and report author are requested to keep the Law and Governance Team fully advised on the progress of this procurement who will be available to assist and advise throughout the process.

9. Other Implications

9.1. Risk and Risk Management

- 9.1.1 Managing a programme across eight different local authorities is a significant challenge. The NELCP recognise that there are political differences across the partnership and in some cases different interests. The NELCP is confident in overcoming these differences as it is believed that the model will provide financial savings to each local authority involved. There is an existing Memorandum of Understanding across the sub-region to underpin the partnership. While a joint commissioning venture this size has not occurred within the sub-region previously, there are several examples of successful joint commissioning projects in the sub-region on a smaller scale. Two examples are the shared Emergency Duty Team across Redbridge, Waltham Forest, Havering, and Barking and Dagenham, as well as the Integrated Sexual Health service across Redbridge, Havering and Barking and Dagenham. Further, all local authorities in the sub-region are signed up to the North East London Sustainability and Transformation Plan footprint.
- 9.1.2 Working effectively across a partnership this size will be challenging. As the residential provisions that NELCP is seeking to develop will be relatively small to start with, there is an expectation that there will be high demand to place young people from each local authority with the local provider. To manage this effectively, the NELCP will develop and agree an operational protocol that will identify exactly how many placements are reserved for each local authority. However, local authorities within the partnership will have the opportunity to "sell" their placements to other local authorities in the partnership if they are unable to fill their reserved share.

- 9.1.3 The central brokerage team will also independently and objectively match young people with the residential provider based on an agreed matching criterion. The shared brokerage resource will provide a necessary level of impartiality to the matching and management of the placements. In addition; this team will be responsible for managing the additional requirements and will be analysing the costs to ensure they conform to the schedule.
- 9.1.4 Shaping the market effectively will provide a challenge to the partnership. Working with existing providers would enable the NELCP to utilise existing resources and help us move at a greater pace. The Programme Management Team have started the market shaping work and the initial signs are positive. Initially the Partnership will only commission the places required in the first instance and gradually increase the number of placements in the block contract up to 35 as and when they are required.
- 9.2 **TUPE, other staffing and trade union implications** – Not applicable.
- 9.3 **Corporate Policy and Equality Impact**
- 9.3.1 The service will impact on LAC. The service will contribute towards reduced levels of placement disruption for those children in care.
- 9.3.2 Wellbeing of children in the borough: and ensuring that potentially vulnerable children and young people are safely housed and supported based on their needs, is a fundamental responsibility for the Council, staff and Members. Indeed, this is a responsibility for all Members as corporate parents.
- 9.1.3 Integrated service provision will enable children and young people to be safeguarded while being housed and allows them to experience services within the community in a safe way, thereby, contributing to positive life chances, educational and social development.
- 9.4 **Safeguarding Adults and Children**
- 9.4.1 Referrals will be made by the Placements Team. The Team manager will work closely with the Partnership throughout the contract life to ensure close communications and sharing of relevant information.
- 9.5 **Health Issues**
- 9.5.1 The wellbeing of children in the borough is a fundamental responsibility of the council and this service which will contribute to positive health outcomes for the children and young people.
- 9.6 **Crime and Disorder Issues** - Not applicable.
- 9.7 **Property / Asset Issues** - Not applicable.

Public Background Papers Used in the Preparation of the Report: None

List of appendices: None