

CABINET

16 April 2024

Title: Provision of Children’s Residential Care Homes and Independent Foster Care Agency Services	
Report of the Cabinet Member for Children’s Social Care and Disabilities	
Open Report	For Decision
Wards Affected: All	Key Decision: No
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Summary: This report seeks the authority for the London Borough of Barking and Dagenham (LBBB) to join and access the London Borough of Newham’s Dynamic Purchasing System (DPS), which will provide access to a pool of pre-approved providers of Children’s Residential Care Homes and Independent Foster Care Agencies. The aim of the DPS is to source placements that best meet the individual needs of our looked-after children and young people, acknowledging that these needs are often ongoing. The Agreement will commence on the 1 April 2024 for an initial one year and eleven-month period (23 months) until 8 March 2026. This initial period will allow LBBB to evaluate if this DPS meets the needs of our children and young people. If successful, we will have the option to request to continue with this arrangement for a further four (4) years from March 2026 until March 2030. Access to the DPS will ensure a pool of good quality pre-approved providers, which meets the needs of our looked-after children and young people aged 0-18 (up to a maximum age of 25), represents value for money and is compliant with Public Contract Regulations (PCR 2015). The DPS will also enable LBBB to meet its strategic priorities, as underpinned in the Corporate Plan, Corporate Parenting Plan, the Looked After Children Sufficiency Strategy and our CARES Practice Standards.	
Recommendation(s) The Cabinet is recommended to: (i) Approve the entering into of an Access Agreement with the London Borough of Newham and call-off from Newham’s Dynamic Purchasing Vehicle (DPS) in respect of the provision of Children’s Residential Care Homes and Independent	

Foster Care Agency Services, in accordance with the Council's Contract Rules and the strategy detailed in the report; and

- (ii) Delegate authority to the Strategic Director, Children and Adults, in consultation with the Cabinet Member for Children's Social Care and Disabilities, the Strategic Director, Resources and the Head of Legal, to award and enter into the Access Agreement and all other necessary or ancillary agreements to fully implement and effect the proposals.

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; and
- 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 Section 22G of the Children Act 1989 requires Local Authorities to secure sufficient accommodation for Looked After Children (LAC) that meets their needs and is within the local area wherever this is reasonably practicable. The Council has a statutory duty to ensure that there is sufficient, good quality, and safe provision for the children in its care. This provision should represent value for money and be sourced in compliance with the Public Contracts Regulations 2015 (PCR 2015), and the Council's Contract Rules to ensure best value for both the children and the Council.
- 1.2 The Council's belief is that children are best cared for within their families wherever this can be safely achieved, and that investing in services that are able to promote change in families can be more effective than removing children and placing them in alternative care.
- 1.3 Where children cannot remain safely with their families, the London Borough of Barking and Dagenham seeks to provide suitably matched high-quality homes, preferably within family settings such as foster care and as near as possible to the child's home locality to maintain links with their families and communities. The aim is for children to be in care for the shortest time possible and to achieve a sustainable exit from care that meets all of their needs.
- 1.4 In order to ensure access to a range of high-quality and flexible provision that seeks to deliver excellent outcomes for our children and young people, particularly in light of increasing national demand for placements exacerbated by the Covid-19 pandemic, and increased difficulty in finding placements for children and young people with complex and challenging needs, this report is requesting permission from the Cabinet for the London Borough of Barking and Dagenham to enter into an Access Agreement with the London Borough of Newham (LBN) and Call-Off from the LBN Dynamic Purchasing Vehicle (DPS) for the following services:
- Children's Residential Homes; and

- Independent Foster Care Agencies.

- 1.5 Independent Foster Care Agencies provide foster carers to local authorities where there is insufficient in-house provision, or where the needs of the child are more specialist and require either a home at a distance or with specialist support. Foster carers are able to provide temporary and long-term care for children and young people in a family home-style environment, where they are not able to live with their own natural families. In Barking and Dagenham, Independent Fostering Agencies provide approximately 14% of all of our looked after children's care arrangements and play a critical role in meeting our sufficiency for looked after children.
- 1.6 Young people in LBBB also benefit from a large in-house foster carer provision, which provides approximately 60.50% of all of our looked after children's care arrangements and plays a vital role in supporting the needs of our children and young people. Whilst in-house foster care does not fall under the remit of the Newham DPS, we acknowledge the importance of our in-house foster carers and will continue to grow and support this community throughout and beyond the lifetime of the DPS.
- 1.7 Children's Residential Homes provide 24/7 care and accommodation for looked after children, where foster care is not suitable for the child's needs, more specialist support is required and where the child is unable to live with their own natural family. Multiple children and young people live together in the same environment, supported by residential support staff. In Barking and Dagenham, Children's Residential Homes provide approximately 10.34% of all of our looked after children's care arrangements.

2 Existing Arrangements

- 2.1 Prior to 2019, the Council had been solely reliant on securing placements through spot purchasing and individually brokered packages with providers, rather than procuring via framework arrangements. This practice was not sustainable, and it was recognised that the commissioning process needed to be reviewed with the objective of securing greater sufficiency of placements with improved value for money. The review subsequently identified opportunities for better cross-borough working, the use of digital solutions such as e-brokerage tools and improving the processes for making placements.
- 2.2 Spot-purchasing can also present a number of challenges and issues for local authorities that undertake these arrangements:
- The process is not compliant with the Public Contracts Regulations (PCR) 2015;
 - The process is widely seen as the most inefficient model of purchasing in terms of value for money;
 - There is a limited ability for local authorities to manage/shape the market with any degree of success;
 - Difficulties in linking "Demand" (referrals to suppliers) with "Supply" (actual placements made and current available supply) to provide intelligence to both local authorities and Providers, on unmet needs or gaps in supply to meet demand;
 - The length of time and resource required to tender for block contracts;

- The cost pressures to local authorities, as well as the management of market and inflationary pressures; and
- The risk to local authorities where there are no contracts to hold Provider's accountable (particularly for when there are safeguarding issues within a placement).

2.3 To overcome the challenges associated with spot-purchasing arrangements and individually brokered packages with providers, the Council entered into an existing commissioning partnership, the Commissioning Alliance (formerly known as the West London Alliance (WLA)), following Cabinet approval to enter into an Access Agreement with the WLA and call-off from the WLA Dynamic Purchasing Vehicle (DPV), on 22 January 2019 (minute 79 refers).

2.4 Since 2 July 2019, the Council has been a part of the access agreement with the Commissioning Alliance for the provision of residential, supported accommodation and independent foster care services for children and young people in its care. Whilst the Partnership has enabled the Council to explore opportunities to engage in shared services and joint working, a number of issues have presented:

- A lack of suitable provision for our children and young people, with the majority of placement requests made by the Council to the Commissioning Alliance having been unsuccessful;
- Limited responses from Providers through the Commissioning Alliance's CarePlace technology platform;
- An inability to effectively utilise the data available through CarePlace due to a lack of placements, resulting in reduced opportunities to support evidence-based commissioning, support daily purchasing decisions and monitor both expenditure and savings;
- Limited contract management and premises monitoring support; and
- No ceiling prices for Supported and Semi-Independent Accommodation.

2.5 The Council is currently paying the Commissioning Alliance £50k per year for commissioning services, DPV access and contract management; in addition, a further £50K is being paid for the use of the CarePlace technology platform (datahub and eBrokerage). As such, the Council is currently spending a total cost of £100k per annum for access to the Commissioning Alliance, with a discount of £5k due to two other additional local authorities having joined. This does not include the cost of individual placements for our children and young people.

2.6 Joining the London Borough of Newham's Dynamic Purchasing System (DPS) will ensure that LBBD is compliant with contract procurement rules and reduce the need to independently spot purchase services. It will also ensure that LBBD has access to a pool of pre-approved Providers for children's residential care homes and independent fostering agencies at an annual membership cost of £6,300, as well as access to joint contract monitoring of Providers to ensure compliance in service delivery based on established key performance indicators (KPIs).

2.7 LBBD will be able to access the Agreement and use the services on the terms set out in the Agreement and the relevant Services Contract. It is important to note that the DPS does not commit the Council to any given level of expenditure in relation to individual placements for our children and young people and there is no guaranteed level of spend with any of the suppliers admitted to the DPS.

- 2.8 If approved, it is anticipated that LBBB will join the framework for the duration of the contract or until LBBB's commissioning team working in conjunction with operational colleagues propose an alternative service model which could realise better quality or improved value for children in care. It is also important to state that if the Newham DPS arrangements do not work well for LBBB, that LBBB would be able to leave the Newham DPS by giving six (6) months' notice to the London Borough of Newham. LBBB would then be able to explore alternative options for sourcing placements for its children and young people, such as creating its own frameworks for Residential Children's Care Homes and Independent Foster Care Agencies.
- 2.9 It is important to note that LBBB will remain in the Commissioning Alliance until June 2024, whilst alternative arrangements for supported and semi-independent provision are explored. LBBB is currently in the process of establishing its own frameworks for both supported and semi-independent accommodation, which are expected to be in place by the end of 2024 and which will be detailed in future reports to Cabinet. Current supported and semi-independent placements made through the Commissioning Alliance will continue post-June 2024, with placements made following this date being spot purchased until LBBB's new supported and semi-independent frameworks are established. This will enable LBBB to put in place ceiling prices for supported and semi-independent provision, which are not available under the Commissioning Alliance. This option will not present any additional future costs to the Council and will enable more sound financial planning.

3 Newham Dynamic Purchasing System (DPS)

- 3.1 On 3 November 2020, the London Borough of Newham sought approval from their Cabinet to establish a Dynamic Purchasing System (DPS) for homes for looked after children and care leavers, which was agreed and has been live since 30 November 2022. The DPS was established by Newham to enable themselves and other local authorities to deliver their statutory duties and ensure good quality, locally available homes which represent value for money and that are compliant with public contract regulations.
- 3.2 Whilst the DPS is similar to a framework, the advantage of the Newham DPS is that it will be open to new suppliers throughout its lifespan; as such, new Providers can onboard at any time and there is scope to grow the number of Providers currently on the DPS. The DPS will also standardise the enrolment and quality assurance of all Providers being commissioned, enabling a robust audit trail of spend and providing a fast route to market for new initiatives, saving time and resources. Providers will be required to meet a minimum quality standard and therefore value for money should be delivered with lower unit costs. However, there is no requirement to spend on the DPS if this is not the case.
- 3.3 There are 27 Independent Foster Care Agencies and 12 Children's Residential Care Homes already on the DPS. Applications to join the DPS are administered by the London Borough of Newham; however, call-offs from the DPS for individual placements will be approved by relevant officers in line with the scheme of delegation.

- 3.4 86 per cent of the Children’s Residential Homes and 88 per cent of the Independent Foster Care Agencies (IFAs) on the DPS are currently rated by Ofsted as “Good” or “Outstanding”. The remaining are rated as ‘Requires improvement’ or have yet to be inspected. These agencies will require a risk assessment completed and signed off by a senior manager before they are used. Priority will be given to the “Good” and “Outstanding” homes. Ofsted ratings will continue to be monitored throughout the life of the DPS to reflect the latest ratings.
- 3.5 The London Boroughs of Waltham Forest, Hackney, Redbridge, Havering, Tower Hamlets, Greenwich and Milton Keynes City Council have also indicated their intention to join this DPS, many of which were previously subscribing members of the now defunct London Care Services (LCS) and who currently rely solely on spot purchasing arrangements for providing placements for their looked after children and young people.
- 3.6 By working in partnership with other local authorities and particularly those with similar needs and geographical location, we will be able to share resources, create efficiencies and enable greater market shaping, which ultimately will support placement stability and cost effectiveness. We will also be able to build strong relationships with smaller and local providers who are invested in working with our local authorities.
- 3.7 The London Borough of Barking and Dagenham will also continue to encourage all agencies that are currently providing placements for LBBB children to join the Newham DPS. We will also ensure that LBBB children and young people who are happy, safe and stable in their current placements, will not be moved into new placements under the DPS.
- 3.8 Whilst there is no guarantee that prices submitted under the DPS will be lower than current rates, the ambition of the new DPS is to lower the unit cost through the provision of some new lower cost services. The DPS prices will only apply to new placements from the date of implementation.

4 Demand in Barking and Dagenham

- 4.1 As of December 2023, there were 426 looked after children in the care of the London Borough of Barking and Dagenham. Of these, 83 were placed in externally commissioned services to be tendered through the DPS (Independent Fostering Agencies and Children’s Residential Care Homes). The national demand for placements far exceeds supply, with some Providers reporting receiving 300 referrals a day for children’s home and fostering placements. This has been compounded by COVID-19. The result is that local authorities are experiencing more difficulty in finding placements for children and young people with complex and challenging needs. In Barking and Dagenham, this includes young people with a combination of harmful sexualised behaviour and young people at risk of criminal and sexual exploitation, all of which can be compounded by young people having learning difficulties or disabilities.
- 4.2 In June 2015, we recorded the highest number of Looked After Children (LAC) in the system (476), since which numbers have been steadily declining. LAC numbers reduced to 391 at the end of 2020/21, compared to 402 at the end of the previous

year; however, LAC numbers saw a slight increase of 5% for the year 2021/22. By December 2023, LAC numbers were at 426.

- 4.3 In 2020, our rate of children in care per 10,000 children aged 0-17 had fallen from 63 to 61, but for 2021/22 this rate had risen to 64.6; for 2022/23, this rate had risen slightly to 66.9, which remains higher than the London rate (52) and our geographical neighbours (51), but below the national (78) rate¹.
- 4.4 The total number of children coming into care continued to increase from 191 in 2019/20 to 193 in 2020/21. The number for 2021/22 was 203 and for 2022/23, was 257. Slightly less children left care during 2021/22 (181) compared to 204 in the previous year; however, 240 children left care during 2022/23 and our projections (based on population growth and a three-year pooled average) are set to increase over the next 5 years.
- 4.5 Growing numbers of children and young people in the social care system in LBBD will have a significant impact on spend, in terms of both the workforce and resources such as foster carers, residential placements, care leavers' accommodation and sourcing adoptive parents. The Newham DPS will assist Barking and Dagenham in meeting its statutory duty to ensure that there is sufficient, good quality, and safe provision for the children in its care by increasing the pool of residential care home and independent foster care agency provision.

5 DPS Tender and Tender Evaluation

- 5.1 The advantage of the Newham DPS is that it will be open to new suppliers throughout its lifespan; as such, new Providers can onboard at any time and there is scope to grow the number of Providers currently on the DPS. Rounds are held for each lot and as soon as one round closes, the DPS re-opens within 48 hours. At a minimum, applications are evaluated annually and market engagement events are held for each lot in advance of the closing date. A Prior Information Notice (PIN) is issued for each event on the UK 'Find a Tender' service, where organisations can search for opportunities within the public sector in the UK.
- 5.2 The London Borough of Newham also shares information about each market engagement event with the National Association of Fostering Providers (NAFP) and other networks and with partner local authorities so that they can communicate with their current Providers.
- 5.3 The DPS ensures compliance with national and EU regulations under the Light Touch regime. It can be used to call off individual contracts and for mini competitions for any block contracts for all types of homes.
- 5.4 The DPS also enables commissioners to run mini competitions for different types of homes; for example, unaccompanied asylum-seeking children (UASC) who may have specific needs which are not met by current available provision.

¹ <https://lginform.local.gov.uk/reports/lgastandard?mod-area=E09000002&mod-group=AllLainCountry&mod-metric=891&mod-type=comparisonGroupType>

Fusion Fostering North West	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering South Central	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering South East	Y	Y	Y	Y	Y	Y	Y	Y
Fusion Fostering - The Midlands	Y	Y	Y	Y	Y	Y	Y	Y
Fostering Hearts	Y	Y	Y	Y		Y	Y	Y
Greater London Fostering	Y	Y	Y	Y		Y	Y	Y
South Coast Fostering	Y	Y	Y	Y		Y	Y	Y
HATOLS	Y					Y		Y
Homefinding	Y	Y	Y					Y
Infinity	Y	Y	Y	Y	Y	Y	Y	Y
ISP Enfield	Y	Y	Y	Y	Y	Y	Y	Y
LiKa	Y							
Orange Grove - London and Essex	Y	Y	Y	Y	Y	Y	Y	Y
Ryancare Fostering Ltd	Y	Y	Y	Y	Y	Y	Y	Y
Sunbeam Fostering Agency - London & South	Y	Y	Y	Y	Y	Y	Y	Y
TACT - East London	Y							Y
NFA – London	Y	Y	Y	Y	Y	Y	Y	Y

- 5.10 89% of the successful Independent Foster Care Agency suppliers admitted to the DPS are rated as ‘Good’ or ‘Outstanding’ with Ofsted. The remaining are rated as ‘Requires improvement’ or have yet to be inspected. These agencies will require a risk assessment to be completed and signed off by a senior manager before these are used. Priority will be given to the good and outstanding homes.
- 5.11 Ofsted ratings will continue to be monitored throughout the life of the DPS to reflect the latest ratings.
- 5.12 The tender process has been successful in attracting a wider supply base. 30% of suppliers are new and not part of the London Care Services (of which Newham was previously a member).

Children’s Residential Care Homes

- 5.13 Tenders are evaluated based on 60% quality and 40% price. Suppliers must achieve a qualitative evaluation score of no less than 36% out of a total of 60% to be admitted onto the DPS.
- 5.14 The Quality scores for Lot 2 (Children’s Homes) Round 1 (February 2022) were evaluated by using the Suppliers’ latest Ofsted inspection report overall judgement. Following evaluation, 11 suppliers with 64 children’s homes were accepted onto the DPS.
- 5.15 For Children’s Residential Care Homes, there are 2 sub lots which include:
- 2a. Standard children’s homes; and
 - 2b. Solo homes.
- 5.16 Table 2 below shows the Providers that were successful per lot in round one. The London Borough of Newham would not share a full breakdown with submitted prices per week and final evaluated scores until the access agreements have been signed, due to this being commercially sensitive information.

Table 2

Lot 2a		
Supplier	Number of homes	Number of places for children and young people
Bryne Melyn Care Limited	10	31
Care 2 Share	3	17
Compass Fostering	7	40
Family First Fostering	2	5
Five Rivers Childcare Ltd	3	17
Gordon Care Services Ltd	1	4
Hillcrest Children's Services Ltd	13	94
Hillcrest Children's Services (2) Limited	11	46
James Kids Homes Ltd	1	3
PJL Healthcare Limited	2	20
Progress Children's Services Ltd	5	27
	58	304
Lot 2b		
Bryne Melyn Care Limited	5	5
Five Rivers Childcare Ltd	1	1
	6	6

- 5.17 86 per cent of the successful Children's Residential Care Homes admitted to the DPS are rated as 'Good' or 'Outstanding' with Ofsted. The remaining homes are rated as 'Requires improvement' or have yet to be inspected. These homes will require a risk assessment to be completed and signed off by a senior manager before these are used. Priority will be given to the good and outstanding homes.
- 5.18 Since the initial evaluation, Adeza Care Home Limited has also been admitted to the DPS, with three (3) children's residential care home provisions.
- 5.19 Ofsted ratings will continue to be monitored throughout the life of the DPS to reflect the latest ratings.

6 Improving quality and outcomes

- 6.1 The DPS will improve the quality of provision and ensure that good services are in place to meet all of our children and young people's identified needs. The DPS will also ensure that a consistent quality assurance monitoring approach is used across each type of provider.
- 6.2 The access fee paid by LBBB (and every additional authority that will join) will provide 0.5 full-time equivalent (FTE) additional contract officer post to support in the management of the DPS by Newham. The success of the DPS will be overseen by the Strategic Resource Manager in Corporate Parenting with oversight from the Head of Service for Corporate Parenting, the Group Accountant and the Category Lead. Local authorities that join the DPS will be part of contract management meetings and any issues or concerns will be addressed in monthly East London

Commissioner meetings that are already established. Commissioners in LBBD will promote the DPS to any Providers that are being used that are not yet registered and participate in any future market engagement events. The London Borough of Newham has a dedicated Contract Management team that supports the management and implementation of this DPS in partnership with their Commissioning agency service and Strategic Procurement teams.

6.3 The outcomes that Newham are looking to improve will focus on: tracking personal outcomes through the use of an individual outcomes monitoring tool by both Providers and the Quality Assurance service (the Outcomes Star). This will look at key themes for a young person, including health and wellbeing, managing personal finances, relationships, education and training.

6.4 Newham Council will also undertake regular engagement with Providers and collaborate both sub-regionally and nationally to share best practice including membership of the Children's Cross Regional Arrangements Group (CCRAG) alongside 34 other local authorities.

7. Proposed Procurement Strategy

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

7.1.1 Through the DPS, LBBD will be able to secure the following services:

- Access to a pool of pre-approved Providers for Children's Residential Care Homes and Independent Fostering Agencies at an annual membership cost of £6,300.00; and
- Access to joint contract monitoring of Providers to ensure compliance in service delivery based on established key performance indicators (KPIs).

7.1.2 Additional services to be delivered to LBBD children and young people as part of the DPS will include the following:

- Ensuring that children and young people are accommodated and supported in high quality and fully vetted alternative homes fulfilling the Council's Corporate Parenting responsibilities; and
- Supporting delivery of the Council's Corporate Parenting Plan, the Looked After Children Sufficiency Strategy and CARES Practice Standards.

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

7.2.1 The London Borough of Barking and Dagenham is requesting permission to enter into an Access Agreement with the London Borough of Newham (LBN) and Call-Off from the LBN Dynamic Purchasing Vehicle (DPS) for the following services:

- Children's Residential Homes; and
- Independent Foster Care Agencies.

7.2.2 The Annual Administration Fee of £3,150 per lot is the only fee payable from a Partner Organisation to access the DPS. This equates to a total cost of £6,300 per

annum for both lots and therefore £12,600 for the 23-month period that LBBB would join and access the Newham DPS.

7.2.3 No commitment to expenditure by the Council will be stipulated within the DPS itself. Expenditure will only be incurred when placements are made. Based on current spend, the cost to LBBB is circa. £8,994,214 per annum for Children's Residential Care Home accommodation and £2,645,273 per annum for Independent Foster Care Agencies. For the one year and eleven-month period (23 months) that LBBB would join and access the Newham DPS, based on our current expenditure, the total combined potential value of the contracts would be circa £22,309,016.80. As such, the total combined potential value of the contracts, as well as the annual administration fee for the two lots, would equate to a total value of £22,321,616.80 (in comparison, our total spend for a 23-month period within the Commissioning Alliance would equate to a total value of £22,499,016.80).

7.2.4 Providers will have the opportunity to request an annual fee uplift; however, there is no commitment to uplift requests being agreed and will largely be dependent on the needs of the children and young people.

7.3 **Duration of the contract, including any options for extension**

7.3.1 The report is seeking permission for the Agreement to commence on 1 April 2024 for an initial one year and eleven-month period (23 months) until 8 March 2026, with a further report to be submitted to Cabinet if we wish to participate for a further four (4) years.

7.3.2 Terms & Conditions - Termination Clause states that, either Party may terminate the DPS Access Agreement upon giving at least six (6) months' notice to the other Party.

7.4 **Is the contract subject to (a) the 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?**

7.4.1 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.

7.4.2 The London Borough of Newham has given due consideration to the PCR2015 and have ensured the principles of transparency and equal treatment of suppliers are embedded in the establishment of the DPS.

7.5 **Recommended procurement procedure and reasons for the recommendation**

7.5.1 It is recommended that permission is given for LBBB to enter into an Access Agreement with the London Borough of Newham (LBN) and Call-Off from the LBN Dynamic Purchasing Vehicle (DPS) for the following services:

- Children's Residential Homes; and
- Independent Foster Care Agencies.

7.5.2 The Dynamic Purchasing Vehicle (DPS) will replace many of the current spot purchasing arrangements and it is hoped that the limited responses from Providers currently experienced through the Commissioning Alliance's CarePlace technology platform, will increase as a result of Newham DPS' secure email referral system, which will enable LBBD to better tailor placements according to the needs of its children and young people and approach the most suitable Providers in the case of each young person. The Council will also benefit from better contractual arrangements with agencies to ensure quality and the price of these placements; where necessary; are driven down as much as possible.

7.6 **The contract delivery methodology and documentation to be adopted**

7.6.1 The service is to be delivered by external Providers. The London Borough of Newham will be responsible for contract procurement, management and monitoring functions. Updates will be provided at the East London Commissioner meetings, which take place monthly.

7.6.2 Entering into an Access Agreement with the London Borough of Newham and calling-off from Newham's Dynamic Purchasing Vehicle (DPS) will enable:

- A better choice of quality homes for our children and young people;
- For us to work with suppliers who share our passion to achieve the best possible outcomes for our children and young people;
- A range of flexible provision that meets the needs of our children and improves stability and reduces breakdown, in turn achieving better value for money;
- The creation of strong partnerships with selected suppliers and the promotion of local small- and medium-sized companies;
- A culture of continuous improvement, including developing a training offer for suppliers through the Social Care Academy; and
- A quick route to the market for the commissioning and procurement of homes delivered in partnership or block contracts.

7.6.3 Requirements will be detailed as part of the contract terms and conditions and the DPS specifications of service.

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

7.7.1 Savings will be made in reducing the costs associated with accessing a partnership agreement. LBBD is currently spending a total cost of £100k per annum for access to the Commissioning Alliance, with a discount of £5k due to two other additional local authorities having joined. In joining and accessing the London Borough of Newham's DPS, LBBD will have access to a pool of pre-approved Providers for Children's Residential Care Homes and Independent Fostering Agencies at an annual membership cost of £6,300, as well as access to joint contract monitoring of Providers to ensure compliance in service delivery based on established key performance indicators (KPIs). It is important to note that these fees do not include the cost of individual placements for our children and young people, which will be submitted by the Providers upon their entry into the DPS.

7.7.2 All Providers must work to any specific outcomes agreed with the Contracting Body at time of call-off and set out in the child or young person's Individual Placement

Agreement (IPA). In addition, Providers must work towards achieving the outcomes listed below.

- a) The young person enjoys good physical, emotional, mental and sexual health; has a healthy lifestyle, and has access to information about health issues that allows them to make informed choices;
- b) The young person is physically safe, stable and emotionally secure. They are protected from ill-treatment, neglect, violence and sexual exploitation; they are free from bullying and discrimination; and are protected from social exclusion through involvement in crime, anti-social behaviour and other risk-taking activities;
- c) The young person attends and fully engages in education, training or employment and receives encouragement and recognition for their achievements; and
- d) The young person positively participates in their own development and with the local community; they are actively involved in making decisions about their future; they develop self-confidence and can deal with change and other life challenges; they understand the effects of racism and discrimination and are able to challenge this behaviour; they demonstrate enterprise and a will to contribute to the well-being of others

7.8 Criteria against which the tenderers are to be selected and contract is to be awarded

7.8.1 The DPS will be used to call off individual contracts and for mini competitions for any block contracts for all types of homes. Evaluation criteria of 60 per cent quality and 40 per cent cost will be used to encourage cost competitive bids with a clear focus on quality for our young people. While quality is critical, the agreed ratio of quality and cost will ensure a focus on value for money given the current overspend. All suppliers will have to meet a minimum quality threshold before their services are considered.

7.9 How the procurement will address and implement the Council's Social Value policy

7.9.1 The Council continues to be committed to promoting the welfare of and protecting the most vulnerable children and young people in Barking and Dagenham.

7.9.2 In addition to the outcomes sought for individual children, there will also be community level outcomes through the DPS which will further enhance children and young people's lives. Embedded within the new contract is a requirement for the Provider to consider social value in all aspects of the business and provide evidence that it has considered and/or implemented actions flowing from the Public Services (Social Value) Act 2012. This may include, but will not be limited to:

- Supporting local economic development;
- Providing training and employment opportunities, including supporting local colleges and schools with work placements and apprenticeship schemes; and
- Supporting and working with the local community.

7.9.3 Discussions with Newham as to how best to represent social value are ongoing and it is likely that social value will be applied on a provider basis in relation to the volume of referrals.

7.10 **London Living Wage (LLW)**

7.10.1 Tenderers will be required to pay the London Living Wage (LLW) as a minimum to staff and ensure that all such costs are transparently declared as required by the Council. Suppliers outside of London will also be required to pay National Living Wage as a minimum to staff.

7.11 **How the Procurement will impact/support the Net Zero Carbon Target and Sustainability**

7.11.1 The Procurement will support the Council's Net Zero Carbon targets, as the Council will be looking primarily at placing young people with local providers where possible, so that young people are able to maintain connections with their families, friends and schools. This would also enable young people to either walk or utilise public transport when attending visits and activities, which would prove more environmentally sustainable. It would also assist social workers in using public transport when visiting young people, as well as reducing their travel time.

8. **Options Appraisal**

8.1 **Option 1: Do nothing and remain in the Commissioning Alliance**

Advantages

- Continued access to the current Commissioning Alliance Dynamic Purchasing Vehicle (DPV) and all current arrangements under this (contract monitoring, contract advice and queries, KPIs);
- CarePlace and processes already in place to procure from the DPV;
- An inability to procure through a partnership agreement would result in increased spot purchasing arrangements, with inconsistencies in quality and pricing, as well as non-compliance with the Public Contracts Regulations 2015.

Disadvantages

- A lack of suitable provision for our children and young people, with the majority of placement requests made by the Council to the Commissioning Alliance having been unsuccessful;
- Limited responses from Providers through the Commissioning Alliance's CarePlace technology platform;
- An inability to effectively utilise the data available through CarePlace due to a lack of placements, resulting in reduced opportunities to support evidence-based commissioning, support daily purchasing decisions and monitor both expenditure and savings;
- Limited contract management and premises monitoring support (the Commissioning Alliance's fees include some contract monitoring but at a strategic level and which is not responsive to emergency or individual level needs);

- Buying into the Commissioning Alliance model is significantly more expensive than the Newham DPS model, which will continue to add pressure to service budgets and provide an inconsistent service to our young people;
- No ceiling prices for Supported and Semi-Independent Accommodation; and
- The Commissioning Alliance does not require Providers to pay employees the London Living Wage.

8.2 Option 2: Procure as a single borough service

Advantages

- By establishing our own framework, we would be able to ensure access to a wide range of high-quality services and Providers for our children and young people. A DPS would also mean that new Providers would be able to join our framework at any time (should they meet our set evaluation criteria);
- Our own framework could be offered to other local authorities, which could generate additional income for the Council.

Disadvantages

- Going out to market on our own would not offer the same opportunities for economies of scale (thereby maximising value for money) that joining the Newham DPS will offer;
- Research conducted by the National Association of Fostering Providers (NAFP) has indicated that Independent Foster Care Agencies would prefer to work with multiple local authorities as part of framework contracts and DPS's, as this 'can create efficiencies, in that it reduces the duplication of tendering and monitoring information and the associated cost of this²;
- A single borough service procurement would be both time and resource intensive, with implications across Commissioning, Quality Assurance and Procurement functions. This process would also not enable us to seek placements immediately;
- Partnership working with other local authorities enables greater market shaping possibilities, which are not possible as a sole local authority undertaking a single borough procurement exercise.

8.3 Option 3: (Preferred option) Join London Borough of Newham's DPS

Advantages

- LBBD will have access to a wide range of high-quality providers for Children's Residential Care Homes and Independent Foster Care Agencies;
- Annual fees to join the Newham DPS are considerably lower than those to remain in the Commissioning Alliance;
- Providers on the DPS submit pre-agreed fees, which include core prices and additional placements costs. As such, LBBD will have increased certainty around future placements costs for our children and young people;
- By working in partnership with other local authorities and particularly those with similar needs and geographical location, we will be able to share resources,

² <https://www.nafp.org.uk/pages/20-how-well-are-fostering-services-commissioned>

create efficiencies and enable greater market shaping, which ultimately will support placement stability and cost effectiveness;

- We will be able to build strong relationships with smaller and local providers;
- The Newham DPS will be open to new suppliers throughout its lifespan; as such, new providers can onboard at any time and there is scope to grow the number of providers currently on the DPS;
- The process of joining the Newham DPS will be reasonably quick and straightforward;
- LBBD would be able to leave the Newham DPS model with a minimum notice period of six months, if it so desired.

Disadvantages

- LBBD will be bound by the terms and conditions as presented in the DPS Access Agreement, with either party able to terminate the Agreement by giving at least six months' notice to the other party. It is important to state that all call-off contracts already in place would be able to continue beyond the expiry date or termination of the DPS.

9. Waiver

9.1 Not applicable.

10. Consultation

10.1 The London Borough of Newham carried out a Market Testing Event on 24 November 2020 to ensure that there was a market to deliver services being tendered for. The event was well attended with 193 attendees from 274 bookings. The response received from Providers in joining the DPS has demonstrated that there is a market to deliver these services.

10.2 A Young Commissioner from the London Borough of Newham's Young Commissioners' Scheme also worked in conjunction with the LBN to develop the service specifications for the lots available on the DPS. Feedback from the wider Children in Care Council and Care Leavers Forum has also been built into the specifications.

10.3 Rounds are held for each lot and as soon as one round closes, the DPS re-opens within 48 hours. At a minimum, applications are evaluated annually and market engagement events are held for each lot in advance of the closing date. The London Borough of Newham also shares information about each market engagement event with the National Association of Fostering Providers (NAFP) and other networks and with partner local authorities so that they can communicate with their current Providers.

10.4 The proposals in this report were considered by the Procurement Board at its meeting on 19 February 2024. This report will also be considered at the Council's Cabinet meeting on 16 April 2024.

11. Corporate Procurement

Implications completed by: Francis Parker, Senior Procurement Manager

- 11.1 The proposed DPS is compliant with the Council's contract rules and the PCR2015.
- 11.2 Officers have satisfied themselves that the DPS is suitable for them in an operational context.
- 11.3 The mini competitions held under the DPS will provide value for money in each instance. The DPS also provides flexibility so that more providers can join and offer potentially further value for money.

12. Financial Implications

Implications completed by: Antony Envoldsen-Harris, Business Partner (Finance) and Amar Barot, Head of Finance for People Services

- 12.1 This presents an opportunity for LBBD to save money. The current cost of using Commissioning Alliance is circa £95,000 a year, while the cost of moving to Newham DPS will be £6,300 a year, with a small fee for Commissioning Alliance covering April to June. Even with that fee, the expected savings for 2024/25 would be circa £64,950 and £88,700 in 2025/26. This saving has already been offered up as part of the 2024/25 budget setting process.
- 12.2 Over the initial two years we would be part of Newham DPS, LBBD stands to save £153,650 as outlined above. There would be no additional funding required or pressure on existing on budgets with this change.
- 12.3 There is a small risk that the rates offered through the Newham DPS may not be as low as those currently obtained through the Commissioning Alliance. However, existing placements will not be affected, and the LA is under no obligation to accept any placements identified through the Newham DPS if they do not represent value for money.

13. Legal Implications

Implications completed by: Yinka Akinyemi, Contracts and Procurement Solicitor, Law and Governance

- 13.1 This report seeks approval to use London Borough of Newham's Dynamic Purchasing System (DPS) for the provision of Children's Residential Care Homes and Independent Foster Care Agency Services. Paragraph 11.1 states that this DPS is compliant with the Council's Contract Rules and the Public Contracts Regulations 2015, LBBD is therefore permitted to use this DPS. This also ensures compliance with the Council's own Contract Rules which requires a competitive tendering exercise be undertaken for any contract above £50,000.
- 13.2 This report states that the intention is for LBBD to sign up to the access agreement allowing it to use the DPS from 1 April 2024 for an initial 23-month period until 8 March 2026. During this period the Council will be able to enter into various call-off

contracts as and when a need arises for the Council. This ensures a compliant route to market for all respective works and service requirements within this area.

14. Other Implications

- 14.1 **Risk and Risk Management** – Call-Off Contracts from the DPS can continue beyond the expiry date of the DPS and still be covered by the terms of the Call-Off Contract. Therefore, there is no limit on the term of Call-Off Contracts, provided the Call-Off Contract commences prior to DPS expiry.

For a more detailed risk breakdown, please see the attached Risk Register (Appendix 4).

- 14.2 **TUPE, other staffing and trade union implications** – There are no TUPE implications for this procurement. Joining the Newham DPS will assist the Placements Officers (4 FTE) at LBBB to meet the needs of the organisation more effectively. Whilst there are currently four Placements Officers at LBBB, it is important to note that placements finding is only one aspect of their role; in addition to this, they are responsible for the placement movements of children and young people, the Individual Placement Agreements (IPAs) of our children and young people and ensuring that all of the information that is held on LiquidLogic (software designed to be used by social workers) is clear and up-to-date at all times.

- 14.3 **Corporate Policy and Equality Impact** – The recommendations in this report support all local policies relating to looked after children and care leavers; these policies are underpinned by statutory guidance published by the Department for Education. The statutory guidance that relates to this report is the Children Act 1989, the Care Leavers Regulations 2010, Fostering Services: National Minimum Standards and Children's Homes: National Minimum Standards. The recommendations in this report also support the Council in its statutory responsibilities as a Corporate Parent.

The service will impact on Looked After Children. The service will contribute towards reduced levels of placement disruption for those children in care. 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. The services 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.

- 14.4 **Safeguarding Adults and Children** - Referrals will be made by the LBBB Placements team via secure email. The LBBB Placements Team Manager and the LBBB Commissioning team will work closely with the Commissioning team at the London Borough of Newham throughout the contract life to ensure close communications and the sharing of relevant information.
- 14.5 **Health Issues** - 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 our looked after children and young people.

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

List of appendices:

- Appendix 1: Award report for Commissioning homes for Children looked after and care leavers, Round 1 Lot 4: Independent Fostering Agencies (18th November 2022)
- Appendix 2: Approval to award places on the DPS for Homes and Support Services for Looked After Children and Care Leavers Lot 2 Childrens Homes - (Round 1) (1st February 2022)
- Appendix 3: Equality Impact Assessment Screening Tool- Newham DPS
- Appendix 4: Risk Register- Newham DPS