

LONDON BOROUGH OF NEWHAM

OFFICER KEY DECISION

Report title	Approval to award places on the DPS for Homes and Support Services for Looked After Children and Care Leavers Lot 2 Children's Homes - (Round 1)	
Date of Meeting	1 st February 2022	
Authority to take decision	Cabinet on 3 rd November 2020 Cabinet agreed to delegate authority for approval of the admission of suppliers to the DPS throughout the life of the DPS including entering into the relevant contract documentation.	
Decision Maker	Tim Aldridge Corporate Director of Children and Young People	
Exempt information & Grounds	Yes	Grounds: Appendix 1 contains information considered to be exempt under paragraphs 3 of Schedule 12A of the Local Government Act 1972, as amended: (3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).
Wards Affected	All	
Appendices (if any)	1. Appendix 1 for Commissioning Homes Round 1 Lot 2 Moderated scores	
Reason for Urgency (only where item was not included in the forward plan)	N/A	

1 Purpose of report

- 1.1 This report seeks authorisation to admit the children's homes suppliers on to the Pseudo Dynamic Purchasing System (PDPS) to support the purchasing of placements in children's homes from 28th February 2022 for four years with the option to extend for a further four years.

- 1.2 The estimated spend for Lot 2 across the lifetime of the PDPS is £69,120,000. Contracts will be awarded to the successful suppliers as required and the value of spend with individual suppliers will vary. The PDPS does not commit the council to any given level of expenditure and there is no guaranteed level of spend with any of the suppliers admitted to the PDPS.

2 Proposed decision

- 2.1 For the reasons set out in the report and its appendices, the Corporate Director of Children and Young People's Services is recommended to approve:

- 2.1.1 Admission of eleven suppliers with 64 children's homes listed below on to the PDPS for Round 1 Lots 2; and entering into the relevant contract documentation.

List of Suppliers of Lot 2a and lot 2b

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

3 Reason for proposed decision

- 3.1 To ensure that Newham Council delivers its statutory duty and achieves good value and quality when placing children in care with independent residential children's home providers.
- 3.2 That Newham Council is compliant with public contract regulations.

- 3.3 28 suppliers expressed an interest in the tender for Round 1, Lot 2 with 12 of the 28 submitting bids for the initial Round submission. Bids were received for homes based in and around Newham as well as further afield. These homes should support the complexity of needs presented by our children and young people covering areas including physical health, mental and emotional health and wellbeing, risk from others and risk to others.
- 3.4 The evaluation process and outcome: Tenders were evaluated based on 60% quality and 40% price. Applications were received for seventy four (74) children's homes from the suppliers providing a range of homes from small, medium and large organisations. Sixty four homes have been successful and will be admitted onto the PDPS. Of the remaining ten homes that are not accepted on the PDPS:
- 3.4.1 nine (9) homes are registered in Wales (a minimum requirement was for homes to be registered with Ofsted).
- 3.4.2 one (1) has safeguarding concerns that are currently being investigated
- 3.5 86 per cent of the successful homes admitted to the PDPS 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 is completed and signed off by a senior manager before they are used. Priority will be given to the good and outstanding homes.
- 3.6 A decision to admit one of the successful suppliers on to the PDPS is pending the outcome of an Ofsted investigation (details can be found in Appendix 2). A decision will be made once the investigation is completed.
- 3.7 Ofsted ratings will continue to be monitored throughout the life of the PDPS and homes can improve their rating or their rating can deteriorate.
- 3.8 There are two suppliers that have submitted bids that we are currently working with. When we compare bids submitted by the two suppliers we are currently using, there has been no increase in cost. These two local suppliers are used consistently by Newham Council.
- 3.9 From the bids received, the average unit cost per child per week for Lot 2a Group Children's Homes and 2b Solo Units for core services is £4,338 per week which is higher than the costs of residential homes where our children are currently placed at a unit cost of £4,193 per child per week. This is the basic unit cost excluding the additional amounts we are paying for education and additional support. There is a difference of £145 per week, however this is not a like-for-like comparison as it is based on bids received rather than the utilisation of placements.
- 3.10 It is expected that the PDPS will be the vehicle to manage placements more effectively, secure good and better outcomes for children in care and identify opportunities to improve value for money.

4 Alternative options considered and rejected

Option 1: Do nothing - The council may choose to 'do nothing'. Newham Council would continue to spot purchase children's homes and use only London Care Services contracted providers. However both of these approaches are not compliant with public contract regulations.

Option 2: Operate a standard framework without the use of a DPS: This would be a 'static' framework, which would not allow new suppliers to enter the framework throughout its lifetime and would therefore reduce the flexibility available in the current and proposed systems.

Option 3: Join an existing DPS- the only existing DPS is run by Commissioning Alliance and the cost of the scheme was prohibitive and would introduce a new IT system solution. The cost to joining this DPS is £936k for the life of the DPS and it introduces a new IT system solution. The fee includes some contract monitoring but at a strategic level which is not responsive to emergency or individual level need and so Newham Council is not assured that it will meet our needs. The unit costs for the Commissioning Alliance DPS are not submitted upfront so it would be more challenging when planning spend. Furthermore the DPS is not Real Living wage compliant. Newham Council has invested in Fusion as a procurement solution and it is available at no additional IT cost. As suppliers find using multiple platforms prohibitive, Newham Council will continue to use secure emails for the referral process. The Newham PDPS is also open for other local authorities to join.

Option 4: Procure jointly with East London Authorities: Establishing a joint DPS with our neighbouring authorities can be challenging to organise as it means multiple authorities investing in the same ICT solution or joining a new IT system. Newham Council has invested in Fusion as a procurement solution and it will be available at no additional IT cost. A standalone DPS IT solution which is used in Newham Council for other services is available at a cost of £340k for the life of the DPS. This cost is prohibitive when compared to Fusion that is at a zero cost.

Option 5: Establish a Newham PDPS This option offers flexibility as unlimited suppliers may join and is also open to other local authorities to join. The PDPS includes the submission of pre-agreed pricing structures Linked to the Real Living Wage. Suppliers have submitted core prices and additional placement costs and we anticipate control over additional placement costs and more certainty of additional costs based on bidder's submissions.

The PDPS will have no minimum value, nor will any commitment to expenditure by the Council be stipulated within the contract itself. Expenditure will only be incurred when referrals are made.

5 Background

- 5.1 Section 22G of The Children Act 1989 requires councils to provide, as far as is reasonably practicable, accommodation for children looked after in their local area which meets the needs of those children.
- 5.2 Newham Council is part of the London Care Services operated by London Councils. The rates are agreed for London authorities however the approach is not compliant with public contract regulations. Newham currently spot purchases the majority of residential homes and associated support from a range of suppliers using agreed fees negotiated through London Care Services and some residential placements through a block contract arrangement with the North East London Commissioning Partnership.
- 5.3 As at 30th November 2021, there were 432 Children Looked After.

Residential children's home placements

Children in Care in residential children's homes								
Year	2017-2018		2018-2019		2019-2020		2020-2021	
Children and young people	No.	%	No.	%	No.	%	No.	%
	44	10.9%	44	11.7%	31	7.5%	32	8.4%

Source: Azeus report CLA at 31st March

6 Consultation

- 6.1 In accordance with the delegation given reports have been shared for consultation.
- 6.2 **Name of Lead Member consulted:** Councillor Sarah Ruiz, Lead Member for Children and Young People
- 6.3 **Name of officers consulted:** Rose Young, Director of Procurement
- 6.4 The recommendations in this report were considered and endorsed by the Gateway Panel on 24 November 2021.

7 Implications

7.1 Financial Implications

- 7.1.1 Directorate Finance Comments
- 7.1.2 It is anticipated that reductions in costs will come from more alternative placement options available on the PDPS, including the use of block contract purchasing. This means buying a pre-agreed number of beds from a supplier, will potentially mean the rates will be at a lower cost to the Council.

- 7.1.3 It is expected that the PDPS will enable the Council to provide a consistent approach to purchasing placements at prices stated by suppliers in applications to join the PDPS.
- 7.1.4 From the bids received, the average unit cost per child per week for Lot 2a Group Children's Homes and 2b Solo Units for core services was not comparable to the costs of residential homes where our children are currently placed as this is not a like for like comparison. However, there had not been an increase in weekly charges submitted for the two homes currently being utilised by Newham Council. The PDPS gives an opportunity to engage with the suppliers more effectively to create opportunities for developing more services.
- 7.1.5 The PDPS does not commit the council to any given level of expenditure and there is no guaranteed level of spend with any of the suppliers admitted to the PDPS, any financial benefits cannot therefore be forecast at this stage, but the unit costs and total spend will be closely monitored. An annual report will be submitted to CMT to capture the volume and spend going through the PDPS as per Cabinet report on 3rd November 2020. The first annual report will be submitted in February 2023.

7.2 Legal Implications

- 7.2.1 The procurement process was conducted in accordance with the Public Contracts Regulations 2015 (PCR 2015) and was subject to the light-touch regime (LTR) under Section 7 Social and Other Specific Services.
- 7.2.2 Under Regulation 76 of the PCR 2015, the Council is free to determine a LTR contract award procedure, provided that procedure is at least sufficient to ensure compliance with the principles of transparency and equal treatment of economic operators.
- 7.2.3 The Council published a contract notice on Find a Tender Service and Contracts Finder (FTS) and complied with the relevant provisions of the Council's Contract Standing Orders and principles of the PCR.
- 7.2.4 Under paragraph 2.4 of the Scheme of Delegation 2.4. "*Where a function or power falls to be discharged by an officer, a more senior post holder in the Directorate, Division or Service may also discharge that function or power, unless the officer has been expressly prohibited from doing so.*"
- 7.2.5 In line with the Council's Constitution, contracts with a value of at least £250,000 must be executed as a deed by the affixing of the corporate seal by Legal Services.
- 7.2.6 The PCR 2015 require contract awards with a value of at least £25,000 (net of VAT) to be published on Contracts Finder.

7.3 Equalities Implications

7.3.1 This procurement will impact on children in care positively. The background and life experiences of children and young people in care will shape the nature and level of care packages provided.

7.4 Other Implications relevant to this report:

7.4.1 Commissioners will work closely with the Brokerage Team manager throughout the contract period to ensure close communications and that service types on the PDPS are responsive to changing needs of children in care.

7.4.2 Successful suppliers will be prioritised for use using their overall value for money score.

8 Background Information used in the preparation of this report

8.1 Cabinet Report 3rd November 2020

IN CONSULTATION WITH (Refer to delegation for other specific consultees)

Director of Procurement : Rose Younger AGREED/NOT AGREED Comment	Signed: Print Date:
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Lead Member - Cabinet Member - Education and Children Social Care (Statutory Lead member) : Sarah Ruiz Comment	Signed: Print Date:
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SIGNATURE Delegated Officer: Corporate Director of Children and Young People (DCS) : Tim Aldridge AGREED/NOT AGREED:	Signed: Print Date:
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NB This decision cannot be implemented until the 6th working day following the date of publication of the decision.