



Notice of KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendix 1 is not available for public inspection as contains exempt information within the meaning of paragraph no.3 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to commercially sensitive information, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Subject Heading:	Award of Semi-Independent Service Contract
Cabinet Member:	Councillor Robert Benham, Cabinet Member for Children's and Learning Services
SLT Lead:	Tim Aldridge, Director of Children's Services
Report Author and contact details:	Paul Burgin, Senior Commissioner & Project Manager, Joint Commissioning Unit Tel: 4331092
Policy context:	<p>Following the Office for Standards in Education, Children's Services and Skills (OFSTED) 2016 inspection report¹ there was a recommendation that LBH brought more of its children and young people back to the borough.</p> <p>In the LBH's action plan in response to the OFSTED report, LBH committed to developing provision in</p>

¹ Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board Report published: 9 December 2016.

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	partnership with providers. The Secretary of State's Sufficiency Guidance ² places a statutory duty on local authorities to provide sufficient accommodation to meet the needs of young people in its care.
Financial summary:	Estimated contract value is £2,121,176.44 for the life of the contract of five years (there is no clause to extend).
Reason decision is Key	(a) Expenditure or saving (including anticipated income) of £500,000 or more.
Date notice given of intended decision:	21 st March 2019
Relevant OSC:	Children & Learning
Is it an urgent decision?	No
Is this decision exempt from being called-in?	No

The subject matter of this report deals with the following Council Objectives

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

[x]
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² Department for Children Schools and Families (2010), Sufficiency - Statutory guidance on securing sufficient accommodation for looked after children.

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

This paper is seeking a decision to approve the award of a five year contract to Provider A for the provision of support services within two semi-independent accommodation services in-borough following a competitive procurement process.

Through the award we are seeking to appoint Provider A to manage and deliver a semi-independent service in each of the two newly refurbished Council owned buildings. This will give us more local semi-independent accommodation services, greater control over the cost and quality, and deliver positive outcomes for young people leaving care.

Recommended option

We are recommending the above action and your permission to proceed.

The approach will deliver a range of benefits for young people leaving care as well as cashable and non-cashable savings.

AUTHORITY UNDER WHICH DECISION IS MADE

Under the Council's Constitution Part 3: Responsibility for Functions; Functions delegated to staff at 3.3 Powers of Members of the Senior Leadership Team; contract powers b) To award all contracts with a total contract value of between £500,000 and £5,000,000 other than contracts covered by Contract procedure Rule 16.3.

STATEMENT OF THE REASONS FOR THE DECISION

1. Background

- 1.1 There are limited numbers of semi-independent placements for young people leaving care in the borough. Havering currently has circa 40% of children or young people placed out of the borough in semi-independent placements.
- 1.2 In coming years, we can predict that there will be more demand for semi-independent provision in Havering, in order to support young people leaving care. This is due to an increase in Havering's general population, an increase in the number unaccompanied asylum-seeking children and young people leaving care requiring accommodation and support up to the age of 25 years.
- 1.3 Approval was given at Cabinet in July 2018 to commence works to refurbish two Council owned properties to enable them to be used as semi-independent

accommodation for young people leaving care. In addition, approval was granted to commence a competitive tender exercise to appoint an experienced provider to manage the properties under a lease agreement and deliver care and support for the young people under a block contract arrangement for a period of five years

Tender Criteria and Evaluation

- 1.4 Following the decision we informed the market via a Prior Information Notice (2018/S 174-394618) in September 2018 to invite interested providers to a market warming event on 25th September 2018.
- 1.5 The Authority published the required Contract Notice (2018/S 233-532685) on 30th November 2018 and suppliers were invited using Capital Esourcing, the Council's E-Procurement system.
- 1.6 This open tender had the quality and price threshold set at 50:50; this was agreed following discussions within the tender evaluation panel (which included representatives from Children's Service, Procurement, Joint Commissioning Unit, Finance, Asset Management, and Communications) and signed off via the Checkpoint process.

Qualification Evaluation

- 1.7 Thirty-one suppliers accessed this opportunity on the capitalEsourcing portal, with eight submitting Selection Questionnaires (SQ) which were evaluated to determine whether they were compliant with all the standard mandatory requirements and the two supplementary questions covering experience and policies and procedures.:
- 1.8 Following the SQ evaluation six providers progressed to the next stage to have their commercial and technical envelopes evaluated and scored.

Technical Evaluation

Responses to each technical question were assessed and scored on the standard 0-5 range marking scheme.

- 1.9 Through the technical envelope providers had their understanding tested across the following areas – with questions weighted based on relevance and importance. The questions included one set by young people in care following informal consultation.

Technical Envelope Questions and Weighting	
How will the service be structured	15%
The effectiveness of the provider in managing an incident involving three young people	15%
How the service will be staffed	10%
How will staff engage effectively with CYP	10%
How will safeguarding and risk be managed across the two age	10%

ranges		
How will they manage the conflicting demands from 6 CYP	10%	
How will you mobilise the service within a mobilisation plan	10%	
How will you engage and maintain relationships with Social Care	5%	
How will you develop and maintain positive community relations	5%	
How will CYP be involved in the management of your service	5%	
How will your organisation add value to this service	5%	

1.10 The responses to the above questions across all six providers were evaluated and scored by the tender evaluation panel consisting of representatives from the Joint Commissioning Unit and Children's Social Care. The final scores and feedback were entered into capitalE sourcing.

Commercial Evaluation

1.11 The suppliers were requested to submit a total cost to deliver this service over five year period for both sites for a semi-independent 24/7 service for 16-17 and 18-25 year olds, together with a detailed breakdown.

Clarification Meeting

1.12 Providers were asked to clarify their bid price for a second time on January 14th following their initial submission on January 4th 2019 to standardise the contract price submitted by all providers to enable comparison of like against like.

As part of the evaluation the tender evaluation panel held a round table discussion with two providers to ask questions on their submission. The feedback was used to inform and recommend the award of contract as outlined in this report.

Award

1.13 The tender evaluation panel has recommended the award of the contract to Provider A who achieved the highest combined most economically advantageous tender (MEAT) score based on their commercial and technical envelope submissions:

Supplier	Total Score (Out of 100%)
A	74.6%
B	71.0%
C	62.5%
D	43.1%
E	41.0%
F	36.7%

1.14 It was agreed that Provider A could deliver the key business objectives, benefits and outcomes set for the project as outlined in their submission documents.

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OTHER OPTIONS CONSIDERED AND REJECTED

Option one: Do Nothing

That we continue to spot purchase residential placements where the price secured is determined by the market and all placements are outside the borough. This approach would see us continue to commission semi-independent placements either from the framework (The framework consists of ten semi-independent providers and was commissioned in 2016) from whom we can commission either placements from either lot 1: 24 hour accommodation with inclusive of 5 hours support per week; or lot 2: non-24 hour accommodation, inclusive of 1 hour of support. Or we could continue to spot purchase placements at increasing cost.

PRE-DECISION CONSULTATION

The pre-decision consultation has involved engaging with a number of stakeholders to award the contract. This has included Children's Services, Procurement, Legal and Finance teams.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name:

Designation:

Signature:

Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

In accordance with section 23B(8) of the Children Act 1989 (as amended by section 2 of the Children (Leaving Care) Act 2000), the Council has a duty to provide children that have been looked after by a local authority with suitable accommodation unless satisfied that the child's welfare does not require it. Children's Services seek to award this contract in compliance with this statutory duty.

The procurement process followed by the Council has already been set out in the body of this report and appears to be a fully compliant procedure.

The Local Government Act 1999, requires the Council to make arrangements to achieve best value in the exercise of its functions. Officers have satisfied themselves that the bids submitted by Provider A represented the most economically advantageous tenders for the Council overall.

This is a Key Decision subject to Part 4 Overview and Scrutiny Procurement Rules, and the Council's call-in procedure.

FINANCIAL IMPLICATIONS AND RISKS

The financial evaluation of tenders was undertaken without a full involvement of finance partners. However, the process is designed to be a robust evaluation of submissions.

The budget to fund this contract currently sits within the Leaving Care Service, against cost centre A4230E.

The Fixed Contract Price for Provider A, for a provision of 223 hours per week, is £2,121,176.44 over the 5 year contract period as follows:-

Fixed Contract Price (223 Hours per week)	Year 1	Year 2	Year 3	Year 4	Year 5	Total Fixed Cost
Provider A (Park End Rd)	£230,484	232,086	235,418	238,817	242,284	1,179,090
Provider A (Widcombe Close)	£184,942	185,633	188,036	190,487	192,987	942,086
Service Total	£415,427	417,719	423,455	429,305	435,271	2,121,176

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Equivalent Unit Cost Per Year	Year 1	Year 2	Year 3	Year 4	Year 5
Provider A (Park End Rd)	£19.82	£19.96	£20.25	£20.54	£20.84
Provider A (Widcombe Close)	£15.91	£15.96	£16.17	£16.38	£16.60
Service Total	£35.73	£35.92	£36.42	£36.92	£37.43

In addition, the provider will charge a Variable Cost of £19.92 per hour for any additional support hours provided over the 223 hours per week, and a daily charge of £75.00 for sleep night cover.

These additional variable costs will impact on the total cost of this contract, and will need to be monitored as part of the ongoing contract monitoring.

The anticipated savings associated with this contact, based on the current cohort that has been identified, amount to £962k as follows:-

Anticipated Savings	Year 1	Year 2	Year 3	Year 4	Year 5	Total Savings
Under 18's (6 clients)	-104,689	-103,087	-99,755	-96,356	-92,889	-496,776
Over 18's (6 clients)	-96,681	-95,990	-93,587	-91,136	-88,636	-466,032
Total Savings	-201,370	-199,077	-193,342	-187,492	-181,525	-962,807

Any delays in move-on of clients will result in these savings being eroded and the net financial costs of this contract being higher than anticipated. As part of the monthly budget monitoring process, these savings will be tracked and evidence gathered to ensure delivery.

The likely impact of voids will need to be considered and effective contract management will need to be undertaken to ensure this does not negatively affect the financial implications of this procurement.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

There are no direct HR implications or risks to the Council or its workforce that can be identified from the recommendations made in this report.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

BACKGROUND PAPERS

None

APPENDICIES

Appendix 1	Provider Details	(Exempt)
Appendix 2	Equalities Impact Assessment	(Open)

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision


Proposal agreed

Delete as applicable

Proposal ~~NOT~~ agreed because

Details of decision maker

Signed



Name:

Tim Aldridge

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date: 16/05/2019

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on 10/5/2019

Signed

