

**CABINET MEMBER FOR CHILDREN, YOUNG PEOPLE & FAMILIES  
7 APRIL 2010**

**RESIDENTIAL AND EDUCATIONAL PROVISION FOR CHILDREN  
AND YOUNG PEOPLE WITH COMPLEX NEEDS**

**Report by Joint Acting Head of Children's Social Care**

**Purpose of the Paper and Key Issues**

1. To provide a recommendation for the contract award for residential and educational provision for children and young people with complex needs.

**Background**

2. This project is a collaborative process between Oxfordshire County Council, Buckinghamshire County Council, The Council of the Borough of Milton Keynes, Bracknell Forest Council, Reading Borough Council and Hertfordshire County Council ("the Authorities"). It is sponsored and project managed by Improvement and Efficiency South East, and hosted and chaired during the commissioning phase by Oxfordshire County Council.
3. Following a detailed feasibility study for the design of a jointly commissioned residential and day service for children and young people with complex needs, the project received authorization to begin a procurement and formal tender phase from the Authorities in November 2008.
4. The Authorities have relatively low numbers of Children Looked After (CLA) compared to the national average and, with one exception, all with rates below their statistical neighbours. However, they still have significant cohorts of complex and challenging children, for whom residential and other services currently are largely spot purchased since as individual authorities, the demand for these services usually does not justify overt commissioning activity. However, aggregated together the situation is changed. Another factor is that providers of such services have tended to avoid locating them in the region represented by these authorities, because of the perception that lower priced properties and staff bases are available in other parts of the country.
5. The consequence is that, combined, the six participating authorities spend over £15 million per annum on around 140 children, and a disproportionate number are placed at a distance from the home authorities and their internal support services. This spending total is only for those children who are looked after. If residential costs for SEN placements for children not technically looked after are added, then the spending may be as much as double (background papers available on request).

6. Despite the success of preventative programmes, there is much research to show that some residential care will always be needed, an opinion supported by 08/09 data in Oxfordshire alone, where five young people have required welfare secure placements this year, all of whom need such a placement to support their exit plans. Also there is evidence to suggest that in many cases, distance from family and friends networks and home authorities has a negative effect on the effectiveness of intervention; in addition, locality of provision is a necessity in order for the Council to meet the sufficiency criteria of the Children Act 2008, the plan of which must be completed by April 2010.
7. The joint commissioning process included representatives from all of the six Local Authorities, Improvement and Efficiency South East (IESE) and the National Children Bureau. These representatives formed the project steering group. In July 2009, all of the partners signed a formal partnering agreement relating to the allocation and management of the provision and division of placements.
8. The project aims to commission a service that may begin to deliver as early as September 2010 and be fully operational within two years thereafter. The service is designed to offer 20 beds across the 6 LAs and 24 day places in education, with an option to commission another 10 residential and educational places within the contract period.
9. During the first half of 2009, the Authorities carried out a Pre-Qualification Process that invited interested parties to make their interest known, and to take part in a screening process to identify five providers who would progress to the full Invitation to Tender (ITT) stage. Approval was gained to progress to ITT in July 2009.
10. The ITT stage of procurement was carried out between September 2009 and early January 2010 and is described in greater detail below.
11. The project team formed for the purpose of this procurement included representatives from Legal, Procurement, and other required expert advisors.

### **Evaluation of Tenders**

12. The evaluation criteria that were employed and made known to all those submitting tenders is shown below in Table 1 and a three stage process was used: response to a detailed questionnaire, which has been evaluated by the project team; followed by a series of site visits a presentation and two interviews with the partners and a team of young people. The scores for each element were revisited between stages.

**Table 1**

	Weight
<b>Service Delivery (60%)</b>	
Evidencing Outcomes	10%
Project Vision & Values	10%
Partnership Working	5%
Best practice	3%
Staffing	5%
Policies	2%
Education	5%
Health	5%
Monitoring/QA	5%
Young People's Questions	10%
<b>Price (40%)</b>	35%
Proof funding & financial modeling	5%
<b>TOTAL</b>	<b>100%</b>

13. At the conclusion of the process, each tenderer received a final aggregate mark arrived at from the evaluation process, the tenderer with the highest mark to be awarded the contract.
14. The tables in Annex 1 (which contains exempt information) show the scores achieved, in percentages, by all organisations who were invited to the presentation stage. Overall cost of each bid over the three year life of the contract is also shown as are the unit costs.
15. The results of the exercise, along with a risk assessment were shared with a virtual Board made up of senior officers from the 6 Local authorities who endorsed the recommendation

## **Results**

16. The results are set out in Annex 1 (exempt).
17. In the event that any member or officer wishes to discuss the information set out in Annex 1, the Committee will be invited to resolve to exclude the public for consideration of the annex by passing the following resolution:
18. *The public should be excluded during discussion of annex 1 because its discussion in public would be likely to lead to the disclosure to members of the public present information in the following category, prescribed by Part I of Schedule 12A to the Local Government Act, 1972.*
19. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that*

*where information has been supplied in commercial confidence such disclosure would prejudice the commercial position of the parties involved.*

## **Financial Implications**

20. The partnership of local authorities involved in this procurement is governed by a partnership agreement in which Oxfordshire is the lead authority. The individual authorities have been an integral part of the process and have full responsibility for their own part in the process and letting of the contract. Therefore Oxfordshire's risks in regard to its lead position is viewed by the project team as very low and having been mitigated appropriately.
21. The project is for an initial period of 5 years and establishes savings by creating a block of beds for OCC to call on (6 beds in the first instance). With block contracts ensuring full use of the pre-paid beds is an important aspect (otherwise the risk is costs can increase due to the need to pay for vacant beds). This risk has been significantly mitigated by allowing each authority to sell its excess provision on the open market along with an administration charge by the authority. There is a strong demand market in Children's care and the market situation is unlikely to change radically over the life of the contract.
22. Additionally, the risk that the initial intake of children is inefficiently managed (thus not filling the beds fully) by the provider has also been mitigated by the use of spot purchasing beds until all the beds become available. This means the block contract does not start until all the beds become available.
23. An analysis of current expenditure suggests that a substantial saving will be made over the life of the contract in accordance with Best Value principles.
24. The risks have been carefully reviewed by the project team and its specialist advisors and mitigations have been applied where appropriate in the design of the contract and associated provision.

## **RECOMMENDATION**

25. **The Cabinet Member for Children, Young People & Families is RECOMMENDED to confirm the award of contract to BetterCare Keys Ltd. which obtained the highest score in the above evaluation.**

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Background Papers: Feasibility Study on Locality Commissioning of Services for Children with Complex Needs

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March 2010