

Divisions Affected -

DELEGATED DECISIONS BY THE CABINET MEMBER FOR CHILDREN, EDUCATION AND YOUNG PEOPLE'S SERVICES

7 FEBRUARY 2024

CROSS REGIONAL PROJECT EXTENSION AND PURCHASE OF ADDITIONAL PLACEMENTS

Report by Corporate Director of Children's Services

RECOMMENDATIONS

1. The Cabinet Member is RECOMMENDED to:

- a) Approve the option to extend the Cross Regional Project contract for a further three years from the 1st of August 2024. The Contract is commissioned with three partner Local Authorities: Hertfordshire, Buckinghamshire, and Milton Keynes, with Oxfordshire currently the lead authority.
- b) Approve the negotiated uplift of 10% for the first year of the contract extension (Year 6) with a price review mechanism agreed for years 7 & 8. Partner Local Authorities and Keys Group have agreed to these terms for the contract extension.

If approval is granted to extend the contract and implement the agreed uplifts

- c) Approve the purchase of remaining 6 additional placements to maximise full capacity of the 36 contracted beds to be shared amongst the partners.

Executive Summary

2. To approve the current contract extension for 3 years, the agreed uplift proposal and subsequent purchase of 6 additional beds making use of the maximum placement capacity of 36 beds within the contract.
3. The Cross Regional Project consists of a children's home offering up to a maximum of four beds for children and young people aged between 11-18 years old and assessed as requiring care, education and therapeutic input.

4. Residential Block Contract commissioned with three partner Local Authorities: Hertfordshire, Buckinghamshire, and Milton Keynes. Oxfordshire is currently the lead authority and is responsible for Contract Management of the project on behalf and in conjunction with our Partners.
5. The current contract commenced on the 1st August 2019 and runs for 5 years including the start date and is due to expire on 31st July 2024, with a 3-year extension clause within the contract.
6. The services are provided in the geographical areas of the participating Councils, with Placement spaces brought by the authorities with beds available no further than 20 miles from the centre of each LA's geographical area. This is due to the requirements that where possible children are placed no further than 20 miles from their pre-looked after child status address.

Background

7. The Cross Regional Project is a Block Contract commissioned with three partner Local Authorities: Hertfordshire, Buckinghamshire, and Milton Keynes. Oxfordshire is currently the lead authority and is responsible for Contract Management of the project on behalf and in conjunction with our Partners, the Keys Group are the provider agency.
8. The current contract commenced on the 1st August 2019 and runs for 5 years including the start date and is due to expire on 31st July 2024 There is an option to extend the contract for a further three years until 31st July 2027.
9. The Block was agreed for the provision of 26 placements initially with the ability to provide a maximum of 36 placements across the 4 authorities.
10. This contract is aligned to the Sufficiency Strategy 2020-2025 and subsequent action plans for children's services. This contract ensures optimal use is made of the Provider's homes in Oxfordshire and in neighbouring authorities, ensuring children are kept close.
11. The services are provided in the geographical areas of the participating Councils. Placement spaces are brought by the authorities and need to be available no further than 20 miles from the centre of each LA's geographical area. This is due to the requirements that where possible children are placed no further than 20 miles from their pre-looked after child status address.
12. There is a registered special school which is part of the Block Contact that must have the capacity to cater for educational needs of 26 pupils with or without Education, Health, and Care Plans (EHCP's) covering academic Key Stages 3 to 5 for children aged 11 to 18 years of age. However, the physical school is not expected to host all pupils. Education can be provided off site using a satellite school provision to enable children living further than 45 minutes travelling time away to access a full curriculum. The provider guarantees education for any child supervised under the contract who is unable to access local education provision

where they are living. The services shall secure a personalised curriculum for each child in line with their Personal Education Plan (PEP).

13. The Provider has a qualified therapeutic staff team, specific to this service only, to meet the needs of the children and young people in placement and support staff teams to deliver a therapeutic environment. Any child that receives interventions through a CAMHS Service, needs clear governance arrangements in place between the Provider and the CAMHS Service Provider.
14. The current contract states that we must give the Provider 12 months' notice of our intention to purchase the additional 6 placements, giving them sufficient time to secure properties and recruit a staff team.
15. The contract was initially set up with 26 placements across the partnership with the option to purchase up to 10 additional placements (shared between the consortium members).
16. Hertfordshire have already purchased 4 of the 10 additional placements, leaving 6 placements to procure across the three.

LA	No. of initial placements (26)	Purchase of additional placements (4)	Split for purchase of remaining additional placements (6)
Oxfordshire	15	0	2
Buckinghamshire	4	0	2
Hertfordshire	6	4	1
Milton Keynes	1	0	1
Total	26	4	6

Procurement

17. The contract initially began on the 1st of August 2019. The initial term of the contract was for 5 years including the start date and it is therefore due to expire on 31st July 2024. There is an option to extend the contract for a further three years until 31st July 2027, which the Council wishes to exercise.
18. The contract (initial term and optional extension period) was tendered via a compliant procurement process. An Invitation to Tender was issued on 24th January 2018.

19. Keys, the successful supplier who won the contract, submitted a valid tender response and were through the evaluation process, deemed the successful supplier (Most Economically Advantageous Tender) and were awarded the contract.
20. A full and compliant tender process was carried out when awarding this contract, and within the contract terms, the Council has the option to extend the contract until 31st July 2027. There are no procurement issues or concerns with exercising this extension.

Section D – Economic and Financial Standing

21. Full financial checks were completed at contract award, as per the process set out in the tender documents.
22. As a result, a Parent Company Guarantee was signed and agreed on 27th August 2019. This was between all local authority consortium members, Keys PCE Limited (the successful supplier), and Keys Bidco Limited (the parent company of the successful supplier).
23. Regular financial alerts are received for all contracted suppliers when any changes are noted via Dun and Bradstreet (credit checking company). This allows for continuous financial monitoring throughout the duration of a contract.
24. In addition, a financial check was re-completed on 24th January 2024, using Dun and Bradstreet, as due diligence prior to any contract extension. The results are below. Keys PCE Limited have passed the Dun and Bradstreet financial checks.

Assessment	Minimum Pass Threshold	Keys PCE Limited's Score	Outcome
D&B Rating	Please see below embedded pass/fail document	5A1	Pass
D&B Risk Indicator	2	1	Pass



Pass Fail Checker D and B.xlsx



Keys PCE Limited Credit Report 2024-0

Corporate Policies and Priorities.

25. The extension of the contract and the purchase of additional placements incorporates two of the key priorities set out by the Start Well Commissioning Team and aligns with three of the priorities set out in the Council's Corporate Plan, as below:

Priorities of the Start Well Commissioning Team:

- Increase number of children placed in county.
- Improve access to services to reduce inequalities.

Priorities of the Corporate Plan:

- Priority 3 - Prioritise the health and wellbeing of residents.
- Priority 7 - Create opportunities for children and young people to reach their full potential.
- Priority 9 - Work with local businesses and partners for environmental, economic and social benefits.

26. To achieve the priorities set out above and to address the gaps identified in the Sufficiency Strategy, the Start Well HESC team are working with operational colleagues in Health, Social Care and Education on the following:

- OCC will work positively and collaboratively with existing and potential providers to develop a range of appropriate provision to meet the needs of Oxfordshire's children within County (ensuring access to services, continuity of schooling, maintenance of support networks).
- OCC will share what we are learning about our children's needs and features through the Valuing Care Needs Assessment Tool, to identify what is needed from Keys to support those needs identified on the placement request in discussion with the Homes Manager, Brokerage colleagues and the child's Social Worker.

Vision and Strategic Objectives

27. The Oxfordshire Children and Young People's Plan (2018-2023)¹ outlines a vision to make Oxfordshire a great place for children and young people to grow up in and to have the opportunity to become everything they want to be'. To achieve this, our strategic objectives are:

¹ [Oxfordshire Children and Young People's Plan](#)

<p>Be Successful</p> <p>To ensure children have the best start in life; ensure they have access to high quality education, employment, and motivational training; go to school feeling inspired to stay and learn; and have good self-esteem and faith in themselves.</p>	<p>Be Happy and Healthy</p> <p>Services are available to promote good health and prevent ill health; learn the importance of healthy, secure relationships and having a support network; have access to services to improve overall wellbeing, and easy ways to get active.</p>
<p>Be Safe</p> <p>Ensure children are protected from all types of abuse and neglect; have a place to feel safe and a sense of belonging; access education and support about how to stay safe; and have access to appropriate housing.</p>	<p>Be Supported</p> <p>Children are empowered to know who to speak to when they need support and know that they will be listened to and believed; can access information in a way that suits them; have inspiring role models; and can talk to staff who are experienced and caring.</p>

Key Issues

28. There is limited capacity in the Children's Residential market, with children being placed far from home, this will offer increased choice and capacity, with some control over geographical area.
29. We are SPOT purchasing children's residential care which reduces our ability to manage costs and forecast spend in this area.
30. We have limited quality assurance and monitoring options with a SPOT purchase.
31. Failure to extend the contract would move children from homes they have lived in (for several years in some cases) to a SPOT purchased placement, much further away from home.
32. SPOT Placements would not be a compliant purchasing route.
33. Additional costs will be incurred for the:
 - Difference between SPOT weekly costs and Block Contract costs.
 - Estimated annual additional cost based on 15 placements per annum (£170K).
 - Additional costs of professionals travelling further to visit children

Market Development & Support

34. OCC supports a mixed economy of provision, further developing both in-house and external provision.
35. The extension of the current contract and the purchase of additional placements supports the mixed economy, as well as working with partner local authorities to make the best use of the partner block contract to ensure sufficiency and maximize value for money reducing the number of voids that can occur in single authority block contracts.
36. The cross regional contract supports the DFE's ambition of working regionally across local authorities to buy better and smarter, taking advantage of a regions buying power.

Commercial Case

Opportunities for Innovation and/or Collaboration with Others

37. The current contract meets the needs of children placed within the project with high levels of support including Education and Therapy.
38. Collaboration with the local authority partners reduces the risk of void placements as they can be bought and sold between partner authorities. Due to the relationship built with local authority partners, there are opportunities to discuss and share information when appropriate to do so.

Benefits

- The Cross Regional Contract is fully compliant with the Public Contract Regulations and the Council's Constitution. This allows for compliant and legal placements to be made.
- The contract offer best value and well utilised placement resource.
- The collaboration with the other local authority partners and the provider, is positive and beneficial.

Financial Implications (Danny has to sign or give permission to include his name)

39. The contract price for each placement is currently £4,746.21 as we are currently in year 5 of the contract.
40. The placement price per week for the current placements since 2019 are:

Year 1 2019/20	Year 2 2020/21	Year 3 2021/22	Year 4 2022/23	Year 5 2023/24
£4,212.81	£4,343.45	£4,473.76	£4,607.97	£4,746.21

41. Negotiations have been held with the Provider and partner local authorities and an agreement uplift of 10% will be applied to year 6 making the weekly cost £5,220.84, with a price review mechanism agreed for year 7 & 8.

42. The increase will support the provider in recruiting & retaining care staff. The new placement price is still lower than other comparable placements where care, education & therapeutic support is provided.

43. Weekly placement price of £5,220.84 is value for money when using comparative data for the same type of service provided in similar areas with prices ranging from £6,220.00 to £8,225.00.

44. Occupancy Data for 2022 and Effectiveness of the Contract

	Oxon	Bucks	Herts	MK	Total
Placements Allocated	15	4	6	1	26
100% Occupancy over 44 weeks	660	176	264	44	1144
Actual Occupancy over 44 weeks	649	148	246	55	1098
Percentage	98.33	84.09	93.18	125.00	95.98

45. This contract, as per the data above, is very well utilised, with high occupancy levels.

46. The Provider is able to manage placements and maintain stability. This is supported by the Provider's ability to be very clear at matching and compatibility.

Comments checked by: Danny Doherty, Finance Business Partner, CEF
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Tolerances and Constraints

47. The Cross Regional Contract allows OCC access to compliant placements at an agreed cost. This prevents OCC having to rely on costly, and non-legally complaint spot arrangements. Whilst there are no risks associated with the

extension, there are a few risks associated with the purchase of additional placements, including:

- The availability of properties in the right locations
- Lengthy Ofsted registration processes
- Recruiting staff in the current market

48. These risks are expected given the market conditions and can be managed within the permitted timeframe for the implementation of the extension and additional purchase.

Risk Management

49. Table of risks and mitigations

Risk	Impact	Probability	Mitigation
Increased SPOT Placements if the Contract is not extended / more placements bought	4	5	If the contract is not extended, there will be an increase in SPOT purchasing which is non-compliant and costly. Extending the contract and purchasing the remaining 6 beds will significantly reduce SPOT Purchasing for these types of placements.
If the contract is not extended, Children and Young People having to move from stable homes	5	5	The need to extend the contract and purchase the remaining 6 beds available across the partnership.
Lack of available properties for purchase of more placements	4	4	The contract extension will commence on 1 st August 2024 and mobilisation time will be given to the Provider to purchase and set up the additional 6 beds.
Lengthy Ofsted registration processes for purchase of	4	3	The mobilisation period would allow for Ofsted registration to be undertaken as and when additional placements are purchased.

more placements			
Recruiting staff in the current market for purchase of more placements.	4	4	The Provider works across four counties so they have various pools of staff to tap into and the staff teams work across each other's patches. The provider offers attractive employment packages and has high levels of staff retention.

		Probability				
		Remote 1	Unlikely 2	Possible 3	Probable 4	Highly Probable 5
Impact	5 Catastrophic	5	10	15	20	25
	4 Major	4	8	12	16	20
	3 Moderate	3	6	9	12	15
	2 Minor	2	4	6	8	10
	1 Insignificant	1	2	3	4	5

Social Value

50. The Cross Regional Contract is required to deliver services in ways which provide additional value to the local area. This should be through careful and sustainable use of environmental resources, and by being good employers – thereby contributing to economic outcomes for local people. This is achieved through involvement in the local community as well as children and young people participating in local clubs and activities, supporting local businesses.

Legal Implications

51. The Council's powers and duties to engage in these activities are set out at Part III of the National Assistance Act 1948, the Care Act 2014, the Children and Families Act 2017 and the Children Act 1989.

52. The contracting authorities have the contractual right under the service contract to extend the contract, apply the proposed price uplift and commission the additional beds as described in this report. These are all options embedded within the existing contract and so do not constitute a material change under the Public Contracts Regulations 2015 (as amended).

53. The recommendations are therefore compliant with procurement law.

Comments checked by:

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Equality & Inclusion Implications

54. The Children's Homes Provider will ensure commitment to provide inclusive and equal services to a diverse range of children and young people and to promote equality and diversity as part of recruitment and employment practices.

- The Residential Homes will encourage children to develop respect for themselves and for others.
- The Residential Homes will deliver services that recognise and build on strengths of children and young people from all cultures, religions, gender, age, sexual orientation, ability, and backgrounds, in ways that meet their needs and help them achieve their full potential.
- Children are offered opportunities to try new experiences, which are not restricted by traditional gender options.
- Staff are expected to challenge attitudes, behaviour and language that are non-inclusive and discriminatory, in a positive way.
- Managers are expected to monitor the range of children and young people placed within the Home in terms of ethnicity, gender, and non-physical disability. This is to ensure the service provision is reaching all and not creating barriers to certain groups.

Sustainability Implications

55. Recruitment for staff to support children and young people in residential placements mostly attracts a local workforce, therefore limiting the amount of extensive traveltime.

56. All placements are static workplaces unlike domiciliary care calls to multiple locations.

57. Many of the care companies offer training online so their staff are not having to travel for mandatory and refresher training.

x: Nil

Background papers: Annex 1: Uplift Mechanism for years 7 & 8

Other Documents: Nil

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