

Divisions Affected - All

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

11 SEPTEMBER 2024

SOUTH CENTRAL RESIDENTIAL FRAMEWORK

Report by Director of Children's Services

Recommendation

The Cabinet Member is RECOMMENDED to:

- a) Approve the purchase of individual and/or block placements, under the £500K threshold, for the children of Oxfordshire from the South-Central Residential Care Framework as a Consortium member.**

Executive Summary

1. Oxfordshire County Council is a partner of the South-Central Residential Care Framework; the current Framework ends on the 30th September 2024. The framework has been re-tendered and the new framework goes live from 1st October 2024, for a period of four years with optional extensions of up to a further 2 plus 2 years.
2. Southampton City Council, who are part of the Consortium, arranged the current South-Central Framework Agreement and are now Lead Commissioner for all future South-Central commissioning. The framework has seen unprecedented challenges in its later years, primarily the cost-of-living crisis having a significant effect on the cost of Children's Residential Care Homes. Whilst the current framework has been able to make use of a contractual uplift process from its third anniversary, the mechanism for this currently falls short of recent rises in inflation, resulting in some providers withdrawing from the framework and only providing homes for children at higher spot-purchase rates.

3. The Annual contract management fee for the framework is £7,897, with a one-off procurement cost of £4,847.73. The annual fee will vary depending on usage, the costs will rise the more children we can place in homes via the framework and will be offset by the reduction in the costs of SPOT purchased homes.
4. The Council's annual spend on the South-Central Residential Care Framework for residential placements between 1st April 2023 – 31st March 2024 was £1,364,767.
5. The benefit of joining the framework means we will be fully compliant with the Public Contract Regulations and the Council's Constitution. This allows for complaint and legal placements to be made.
6. There is a large pool of suppliers on the framework, however, due to market dynamics the number of providers on framework will reduce from 71 to 51. The framework will remain open to new entrants, which will be evaluated on a quarterly basis, this is different to the previous framework that only opened annually; therefore, it is possible the supplier list will continue to grow. All consortium members will continue to encourage new providers and more established providers to join the framework throughout the contract.
7. Any individual and/or block placement exceeding the £500K threshold will be presented separately for a key decision at Single Cabinet Members meeting.

Background

8. Local authorities (LA) have a statutory duty to provide suitable care arrangements for all 'Children We Care For' (CWCF) aged between 0-18 years. One type of placement sought on a case-by-case basis is a residential care placement. The term *Residential Care* can be used to refer to accommodation-based placements in children's homes, residential schools, secure units and unregulated homes and hostels. Each LA differs in relation to whether they have access to their own internal provision of residential care homes or whether they must access this type of care via the external market.
9. Southampton City Council (SCC) is leading on the procurement process to deliver a robust and transparent procurement to place providers onto a Framework Agreement for the Provision of Residential Care Settings for Children We Care For. A four (4) year framework agreement (with optional extensions of up to a further 2 plus 2 years) has been designed by a Consortium of 21 Local Authorities across the Southern Region of England namely:
 - Bournemouth Christchurch and Poole Council, Bracknell Forest Council, Brighton and Hove City Council, Bristol City Council, East Sussex County Council, Hampshire County Council, Isle of Wight Council, Kingston Council, Medway Council, Milton Keynes Council,

Oxfordshire County Council, Portsmouth City Council, Reading Borough Council, Richmond Council, Slough Children's Services Trust, Southampton City Council, Surrey County Council, West Berkshire County Council, West Sussex County Council, Windsor & Maidenhead Council and Wokingham Borough Council.

10. Southampton City Council, who are part of the Consortium, arranged the current South-Central Framework Agreement and are now Lead Commissioner for all future South-Central commissioning. The framework has seen unprecedented challenges in its later years, primarily the cost-of-living crisis having a significant effect on the cost of Children's Residential Care Homes. Whilst the current framework has been able to make use of a contractual uplift process from its third anniversary, the mechanism for this currently falls short of recent rises in inflation, resulting in some providers withdrawing from the framework and only providing homes for children at higher spot-purchase rates
11. The tender was published on the tender portal (Proactis) website on 21st May 2024, and the corresponding opportunity notice was advertised on the Government Contracts Finder and Find a Tender websites. On the 30th May 2024 a further advert was sent to Consortium members contacts advising of the open tender opportunity, again to be circulated to providers.
12. The procurement of the Children's Residential Care services, being services set out in Schedule 3 of the Public Contracts Regulations 2015 ("PCRs"), was subject to the 'Light Touch Regime' set out in Regulations 74-76 of the PCRs. Under this regime contracting authorities are able to design their own procurement procedure subject to such procedure ensuring transparency and equal treatment of bidders. The Consortium, however, chose to use a procedure analogous to the Open Procedure set out in Regulation 27 of the PCRs. Southampton City Council delivered the procurement on behalf of the Consortium.
13. Each stage of the procurement design was discussed and agreed with Consortium members, with separate working groups set up to inform the design of the specification, pricing and uplift mechanism, terms and conditions and method statement questions. There was also an overall procurement working group where progress from the other groups was shared with the Consortium. Consortium members were invited to attend these meetings and minutes were distributed to all.
14. All documents developed during the design phase were subject to a thorough review and feedback process with the Consortium, and key decisions were distributed via Voting documents, which were required to reach quorate to become binding.
15. The service specification was developed by a lead group of Consortium Commissioners and the final version was agreed by all Consortium members. The specification included a breakdown of six lots to encourage providers with

different specialisms to apply and for local sufficiency, which is a key requirement for this procurement. Applicants were able to apply for one or more lots.

16. The Specified Lot structure is detailed below:

Lot 1	Planned and Same Day Residential Care
Lot 2	Crisis Care
Lot 3	Residential Care with DFE Regulated Education
Lot 4	Residential Parenting Assessments
Lot 5	Therapeutic Residential Care
Lot 6	Children with Disabilities

17. Quality for Lots 1, 2, 3 and 6 were measured by using the providers existing Ofsted full inspection report outcomes (the last full inspection). Following an Ofsted inspection, providers are awarded a quality outcome report, and providers were asked to declare their quality rating at tender stage, the declarations were checked at evaluation stage. The results are then used by the Consortium to award either a Pass or Fail to gain approval for inclusion on the framework or not:

Outstanding	Pass: A rating awarded
Good	Pass: A rating awarded
Requires Improvement to be good	Pass: B rating awarded
Inadequate	Fail not included on the framework

18. Emphasis was placed on fairness and equivalence to all providers during this procurement. An additional 'C Rating' was included to ensure new providers that are registered but not yet inspected, and Providers registered with Care Inspectorate Wales (CIW) or the Scottish equivalent, the Care Inspectorate. There is a mechanism included in the Framework Terms and Conditions so that the placing authority can undertake their own quality checking of providers that have a 'C' rating prior to placing a child with the provider.

19. All provider homes submitted as part of this procurement were checked against Ofsted to confirm their quality rating. Submissions from Welsh Homes were checked with their own inspectorates to confirm their registration. No Scottish homes were submitted within this tender.

20. Lot 4 (Residential Parenting Assessments) is subject to additional scrutiny by Ofsted and the decision was made to use this as an additional pass/fail criteria. Bidders were asked to declare that the Homes being submitted for Lot 4 are registered to deliver Residential Parenting Assessments as a stated

care offering with Ofsted, and a 'No' response to this would result in a Fail for that Lot.

21. Lot 5 deals with specific therapeutic care needs for Children. Therefore, to ensure quality is fully assessed, the Consortium developed Method Statement Questions (MSQ's) for inclusion in the Invitation to Tender (ITT) and responses were assessed by a panel of Evaluators as agreed by the Consortium.
22. Full financial checks were completed at contract award, as per the process set out in the tender documents.
23. The Annual contract management fee for the framework is £7,897, with a one-off procurement cost of £4,847.73. The annual fee will vary depending on usage, the costs will rise the more children we can place in homes via the framework and will be offset by the reduction in the costs of SPOT purchased homes.

Corporate Policies and Priorities.

24. The South-Central Residential Care Framework incorporates one 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:

- 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.

25. 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 to:

- work positively and collaboratively with existing and potential providers to develop a range of appropriate provision to meet the needs of Oxfordshire's children.
- 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 providers 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

26. 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:

<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

- 27. The Council is SPOT purchasing children’s residential care which reduces our ability to manage costs and forecast spend in this area.
- 28. The council has limited quality assurance and monitoring options with a SPOT purchase.
- 29. SPOT placements are not a compliant purchasing route.

Market Development & Support

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

30. The Council supports a mixed economy of provision, further developing both in-house and external provision.
31. The Consortium held a market engagement event with Children's Residential Care providers in February 2024. This was also attended by Ofsted. The feedback received from the day informed the Framework design. A Prior Information Notice (PIN) for the procurement was published on 5th February 2024. Consortium members were also issued with an advert on 15th April 2024 which they were requested to circulate to Providers, advising them of the upcoming opportunity and with instructions for registering on the tender portal.

Commercial Case

32. The benefit of joining the framework means we will be fully compliant with the Public Contract Regulations and the Council's Constitution. This allows for complaint and legal placement to be made.
33. The framework allows joint working and shared resource – meaning the Council can achieve all of the benefits whilst diluting the full costs of procuring and managing such a framework. The council can call off both individual and blocks placements from this framework.
34. There is a large pool of suppliers on the framework, however, due to market dynamics the number of providers on framework will reduce from 71 to 51. The framework will remain open to new entrants, which will be evaluated on a quarterly basis, this is different to the previous framework that only opened annually; therefore, it is possible the supplier list will continue to grow. All consortium members will continue to encourage new providers and more established providers to join the framework throughout the contract.

Financial Implications

35. The Consortium members expressed their requirements on pricing from the early stages of this procurement and the importance of achieving:
- A breakdown of providers weekly running costs for individual homes
 - Charges for therapies.
 - Costs for additional services offered by providers
 - Inclusion of an option for voluntary discounts
36. The agreed uplift process applies:
- A 5% Cap will apply on uplifts
 - Uplifts will be offered at a level of 60%NLW and 40% CPIH, this will be calculated as an average of the Office for National Statistics previous financial year figures published prior to the relevant period of the framework.

- Providers must apply for an uplift. The process for this will begin the November before the relevant period.

37. The financial evaluation to test the economic/financial standing of the entity bidding can be summarised as a two-stage process for this procurement, this was a pass/fail basis which was annotated in the invitation to tender:

- Stage 1 Southampton City Council Finance undertook a credit reference check from an independent third party (Dunn and Bradstreet).
- Stage 2 If the credit reference achieved a rating below good, a review and evaluation of the applicants audited accounts took place.

38. To obtain a pass, the credit reference must indicate a risk rating of 'low', 'low-moderate', or 'moderate', and must not reveal any substantial financial weakness. A review and evaluation of all the applicants audited accounts was undertaken by Southampton City Council Finance.

39. The Council's spend on the South-Central Residential Care Framework for residential placements between 1st April 2023 – 31st March 2024 was £1,364,767.

40. Any individual and/or block placement exceeding the £500K threshold will be presented separately for a key decision at Single Cabinet Members.

41. The table below shows the pricing summary for each of the LOTS on the Framework giving an average, lowest and highest prices.

42. Table was taken from the Award Report written by Southampton City Council.

Lot	Quality Rating Allocated	Number of Childrens Homes on Lot/Rank	Average Price Offered £	Lowest Price Offered £	Highest Price Offered £
Lot 1	A	138	5,522.30	3,413.50	8,986.00
	B	16	5,608.28	3,996.00	6,743.43
	C	9	6,325.21	5,350.00	8,127.49
	FAIL	4			
	<i>Lot 1 Total Homes Applied</i>	167			
Lot 1 Total Homes on Framework		163			
Lot 2	A	10	7,282.56	3,737.36	12,950.00
	B	1	12,950.00	12,950.00	12,950.00
	C	5	9,888.04	8,198.21	12,950.00
	FAIL	2			
	<i>Lot 2 Total Homes Applied</i>	18			
Lot 2 Total Homes on Framework		16			
Lot 3	A	73	7,559.49	4,791.00	12,245.63
	B	7	8,701.74	4,791.00	12,245.63
	C	7	7,229.00	4,928.00	7,750.00
	FAIL	7			
	<i>Lot 3 Total Homes Applied</i>	94			
Lot 3 Total Homes on Framework		87			
Lot 4	A	14	4,364.46	3,500.00	6,540.00
	B	0			
	C	0			
	FAIL	0			
	<i>Lot 4 Total Homes Applied</i>	14			
Lot 4 Total Homes on Framework		14			
Lot 5	A	61	7,044.48	3,413.50	10,949.00
	B	10	8,915.25	6,136.00	10,949.00
	C	4	6,295.00	5,152.00	7,478.00
	FAIL	10			
	<i>Lot 5 Total Homes Applied</i>	85			
Lot 5 Total Homes on Framework		75			
Lot 6	A	15	5,675.80	3,413.50	6,865.06
	B	2	5,083.64	4,192.28	5,975.00
	C	5	6,311.85	5,975.00	6,944.15
	FAIL	9			
	<i>Lot 6 Total Homes Applied</i>	30			
Lot 6 Total Homes on Framework		21			
Total Provider applications 2024			51		
Total Residential Care Childrens Homes spread across all Lots on Framework NB: Some Childrens Homes are providing on more than one Lot			376		

Comments checked by: Ian Dyson, Director of Financial and Commercial Services
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Tolerances and Constraints

43. The South-Central Residential Care Framework allows the Council access to compliant placements at an agreed cost. This prevents the Council having to rely on costly, and non-legally complaint spot arrangements. Whilst there

are no risks associated with the framework, there is a risk associated with the purchase of additional placements:

- The ability to match children with complex needs to other children already living the home.

44. The risk is expected given the market conditions and can be managed within the permitted timeframe for the implementation of the extension and additional purchase.

Risk Management

45. Table of risks and mitigations taken from Southampton City Council.



FINAL CRC 2024
Risk Register FULL.xl

Social Value

46. It was a mandatory requirement that all applicants complete the Social Value Delivery Plan provided within the procurement documentation from Southampton City Council, which will also be used to inform ongoing contract management through the Consortium. This was assessed on a PASS / FAIL basis as per Table below:

Score	Criteria Definition
PASS	A Social Delivery Plan with a minimum of three applicable Social Value Themes and Outcomes as per column A and with all targets, benefits, implementation processes, timescales and supporting evidence completed (as per Columns C to G) of the Social Value Delivery Plan has been submitted. This plan will form part of ongoing Contract Monitoring.
FAIL	A Social Value Delivery Plan is not submitted that details a minimum of three Social Value Themes and Outcomes as per column A and with all targets, benefits, implementation processes, timescales and supporting evidence completed (as per Columns C to G).

47. Two Providers who submitted a tender bid failed to provide a Social Value delivery plan.

Legal Implications

48. 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.
49. Southampton City Council advised on all aspects of this procurement. The draft terms and conditions of the framework were shared with and agreed by all the Consortium members who, we understand, had referred to their own Legal teams for review and comment. All comments received were logged and reviewed and where practical were included in the final terms and conditions, with final terms and conditions agreed by all Consortium members.
50. Southampton City Council's Procurement Business Partner's recommendation is to enter a 10-calendar day standstill period (which is a voluntary but standard practice for Southampton City Council Procurement), with the organisations that have passed the evaluation stage of the procurement as detailed in this report. When this period has concluded, Southampton City Council will enter into framework agreements with each provider. The Council is a named purchaser under the framework agreements and is permitted to enter into call-off contracts for individual placements subject to compliance with the call-off award processes set out in the framework agreements. The provider selection process and the call-off contracts themselves must be on the terms and conditions set out in the framework agreements.

The recommendations are therefore compliant with procurement law.

Comments checked by:

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Equality & Inclusion Implications

51. The Children's Homes Providers 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.
52. The Residential Homes will encourage children to develop respect for themselves and for others.
53. The Residential Homes will deliver services that recognise and build on the

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.

54. Children are offered opportunities to try new experiences, which are not restricted by traditional gender options.
55. Staff are expected to challenge attitudes, behaviour and language that are non-inclusive and discriminatory, in a positive way.
56. 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 with protected characteristics.

Sustainability Implications

57. Recruitment for staff to support children and young people in residential placements mostly attracts a local workforce, therefore limiting the amount of extensive travel time.
58. All placements are static workplaces unlike domiciliary care calls to multiple locations.
59. Many of the care companies offer training online so their staff are not having to travel for mandatory and refresher training.

Report by Lisa Lyons

Director of Children's Services

Other Documents: Nil

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