

## **CABINET**

**29 SEPTEMBER 2015**

### **GATEWAY 3 CONTRACT AWARD: PROVISION OF SUPPORTED ACCOMMODATION AND FLOATING SUPPORT FOR YOUNG PEOPLE AGED 16+**

Portfolio Holder: Councillor Mike O'Brien, Children's Services

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#### **SUMMARY**

This report seeks permission to admit the suppliers highlighted in section 3.3 of the Exempt Appendix to the framework agreement for the provision of supported accommodation and floating support services for 2 years (with options to extend for two further 12 month periods) so that the framework agreement can be used to award contracts for individual placements to pre-tendered and approved providers.

The Procurement Board considered the commencement of this requirement at Gateway 1 on 18 February 2014, and the Cabinet approved this requirement at Gateway 1 on 11 March 2014 (decision number 58/2014).

This Gateway 3 Report has been approved for submission to the Cabinet after review and discussion at the Children and Adults Directorate Management Team Meeting on 18 August 2015 and the Procurement Board on 9 September 2015.

#### **1. BACKGROUND INFORMATION**

##### **1.1 Service Background Information**

1.1.1 The Council is required to procure accommodation and support services for young people 16+ and care leavers with identified care needs. This provision is tailored to aid young people in their transition into the community and adulthood. Children's Social Care is responsible for the accommodation and

support for these young people and also determines the level of support to be provided.

- 1.1.2 These services are currently commissioned on a spot purchase basis and as such there is disparity in quality and price across different providers and client groups. This procurement is to ensure that going forward a consistent approach is taken towards securing quality accommodation and support at an affordable price.
- 1.1.3 A project group was formed with representation across children services working together to analyse the services and to agree to an aligned model for children's accommodation and support services. This includes the referral pathway across services as well as a smooth transition into adulthood. A specification and pricing schedule have been developed to allow these services to be competitively procured.
- 1.1.4 Currently these services and providers are not subjected to any formal competition. There is no formal contract, service specification or quality system in place that outlines the support required from the Provider on behalf of the young person. The implementation of a sustainable and robust contract for delivery of these services will not only offer high quality service to young people but also represents a significant on-going financial value.

## **1.2 Framework Agreement**

- 1.2.1 A Dynamic Purchasing System (DPS) was originally proposed to source supported accommodation provision. However, this was deemed inappropriate due to the reasons below:
  - This could mean the range of contracted Providers would continually change (and may possibly widen) throughout the period of the contract leading to;
  - Providers getting a smaller percentage of the market share and as such being unwilling to invest in the development of the market;
  - A number of Providers are not familiar with the e-procurement portal (Kent Business Portal) and as such this may act as a barrier to ongoing work.
- 1.2.2 Therefore, establishing a framework agreement was determined to be the most appropriate way of awarding placements for young people. The framework agreement enables the Council to award placements to a selection of pre-approved/ tendered Providers who meet minimum criteria and standards.
- 1.2.3 Each individual placement can be evaluated against the needs of the individual and on completion of the quality and cost assessment will allow for the best value Provider to be secured.
- 1.2.4 The Council currently pays a wide range of prices for these services and the framework agreement would enable the Council to be better manage and control prices and quality, whilst getting the best placement to meet the individual young person's needs.

1.2.5 The framework agreement is anticipated to be for new placements only. The current budgeted spend is already committed to existing packages and have historically been commissioned on a spot purchase basis. The Council reserves the right to review existing packages and put them through the framework agreement where they do not represent value for money.

### **1.3 Funding/Engagement from External Sources**

1.3.1 This service shall be funded from within the Children's existing revenue budget.

## **2. PROCUREMENT PROCESS**

### **2.1 Procurement Process Undertaken**

2.1.1 The establishment of the framework agreement was subjected to a formal tender process under EU Procurement Directives as the associated total contract value of this group of contracts is above the EU Procurement Threshold for Services. This procurement was also undertaken in accordance with Medway Council Contract Procedure Rules.

2.1.2 An open procedure contract notice was advertised in the Official Journal of the European Union (OJEU) on 1 April 2015. An invitation to tender was published on the Kent Business Portal on 18 June 2015.

2.1.3 The deadline for tender submissions was 20 July 2015. Eleven bids were received at the end of the stated period. The Exempt Appendix details the tenders received.

2.1.4 The tender submissions were assessed using the evaluation criteria detailed in section 2.2.1 below.

### **2.2 Evaluation Criteria**

#### **2.2.1 Tenders**

Applicants were expected to meet the minimum standard/eligibility /selection criteria referred to in the Tender Response and Pricing Schedules of the tender.

The Gateway 1 report originally proposed a 70/30% quality / price ratio. However, this was revised to 60/40% to place more emphasis on cost whilst still emphasising quality. The minimum overall standard to participate in the framework agreement is an overall MEAT (most economically advantageous tender) score of 60%. Additionally a provider must have scored a minimum 36% out of 60% for quality. Providers achieving these minimum standards will be allowed to participate in the framework agreement.

## 2.2.2 Sourcing individual placements from the framework agreement

The evaluation criteria set out within the invitation to tender document was MEAT composing of 60% quality and 40% price. These criteria will also be applied to individual placements sourced from the framework.

<b>Evaluation Section</b>	<b>Criteria</b>	<b>Weighting</b>
Quality Evaluation	Needs of the service user	60%
Pricing Evaluation	Individual care package price	40%

## 2.3 Other information

2.3.1 10 out of 11 providers who submitted tenders were small and medium enterprises (SMEs). The table below provides a breakdown of providers by category:

<b>Classification of Organization</b>	<b>No. of bidders</b>
Micro	1
Small	5
Medium	4
Large	1

2.3.2 In terms of geographical location, 3 of the bidders are based in Medway, 5 are based elsewhere in Kent with the other 3 located in areas outside of Kent.

### 3. BUSINESS CASE

#### 3.1 Delivery of Procurement Project Outputs / Outcomes

3.1 The following procurement outcomes/outputs identified as important at Gateway 1 to the delivery of this procurement requirement have been appraised in the table below to demonstrate how the recommended procurement contract award will deliver said outcomes/outputs.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?	How will recommended procurement contract award deliver outputs/outcomes?
<p>1. A service delivered against a specification designed to meet the needs of young people 16+ and care leavers.</p>	<ul style="list-style-type: none"> <li>- Reduction in cost of placements for 16+ and care leavers categorised as needing a standard or enhanced provision</li> <li>- Increased quality in accommodation and support as assessed through the quality assurance framework.</li> <li>- Reduction in placement breakdowns</li> <li>- Increased number of 16+ and care leavers, leaving care being in education, employment or training</li> <li>- Increased number of young people leaving care securing their own tenancies or shared quality provision.</li> </ul>	<p>Partnership Commissioning</p>	<p>6 monthly</p>	<ul style="list-style-type: none"> <li>- By ensuring that there is a system in place that supports Person Centred Support Planning that focuses on building resilience and independence in young people 16+ or care leavers.</li> <li>- By identifying Providers at an early stage who are not meeting minimum standards thereby enabling the Council to take corrective action as soon as possible.</li> <li>- By ensuring Providers are aware of and signed up to delivering the 8 core outcomes in the specification which are designed to enable young people 16+ and care leavers to be confident and resilient individuals, successful learners, effective contributors and responsible citizens.</li> </ul>
<p>2. Fair and transparent process for contract award</p>	<ul style="list-style-type: none"> <li>- Through monitoring of Placement Team statistics that demonstrate that value for money and increased placement stability is being secured.</li> <li>- Through the receipt of increased positive Care Management reviews</li> </ul>	<p>Partnership Commissioning</p>	<p>Quarterly</p>	<ul style="list-style-type: none"> <li>- through adherence to the framework principles and standards.</li> </ul>

	and feedback			
3. Consistent and good quality of service that is affordable and sustainable	<ul style="list-style-type: none"> <li>- Reduction in cost of placements for 16+ and care leavers categorised as needing a standard or enhanced provision</li> <li>- Increased quality in accommodation and support as assessed through the quality assurance framework.</li> <li>- Reduction in placement breakdowns</li> <li>- Increased number of 16+ and care leavers, leaving care being in education, employment or training</li> <li>- Increased number of young people leaving care securing their own tenancies or shared quality provision.</li> </ul>	Partnership Commissioning	6 monthly	<ul style="list-style-type: none"> <li>- Utilising providers on the framework who have met the stated quality minimum standards.</li> <li>- Utilising providers on the framework who have been assessed as providing a value for money service in line with the stated categorisation of need of 16+ and care leavers.</li> </ul>

#### 4. RISK MANAGEMENT

##### 4.1 Risk Categorisation

<b>1. Risk Category: Procurement Process</b>	<b>Likelihood: B</b>	<b>Impact: I</b>
<b>Outline Description:</b> The process selects a limited number of providers who are unable to meet the demand.		
<b>Plans to Mitigate:</b> A framework agreement does not limit the ability to spot purchase from providers who are not on the framework utilising the same processes that are currently used.		
<b>2. Risk Category: Reputational/Political</b>	<b>Likelihood: D</b>	<b>Impact: II</b>
<b>Outline Description:</b> Providers fail to deliver the quality of service and as such this has negative impact on the Council's reputation.		

**Plans to Mitigate:** A Quality Assurance framework has been developed and this will be used from the outset of the contact to review and monitor performance and value. This will be routinely reported on.

**3. Risk Category: Contractual**

**Likelihood: D**

**Impact: II**

**Outline Description:** Provider may fail to fulfil contractual obligations.

**Plans to Mitigate:** A clear specification exists that is supported with contract regulation and contract management procedures. These systems and processes will be utilised appropriately to manage the contract and any deviation from it.

**4. Risk Category: Service Delivery**

**Likelihood: D**

**Impact: II**

**Outline Description:** Provider/s may fail to deliver the required quality of service.

**Plans to Mitigate:** Part of the placement of a service with a Provider includes a quality evaluation for service delivery. This will be monitored and managed through contract management processes supported by reporting, auditing and quality assurance regime.

**5. Risk Category: Service Delivery**

**Likelihood: D**

**Impact: II**

**Outline Description:** Existing providers may not achieve the required quality of service to be part of the framework agreement.

**Plans to Mitigate:** Providers have been provided with face to face and group opportunities to develop with commissioners the requirements of the provision and how they could meet those requirements prior to the commencement of the Tender. Any young person currently with a provider who has not met the requirements of the framework will not be moved as a result of this process. They will continue their placement until such a time as it becomes necessary or appropriate for them to move. The framework is designed to secure sufficiency and quality of provision and as such will continue to be monitored by Partnership Commissioning to ensure this.

## **5. PROCUREMENT BOARD**

5.1 The Procurement Board considered this report on 9 September 2015 and supported the recommendations set out in paragraph 7 below.

## **6. SERVICE COMMENTS**

### **6.1 Financial Comments**

6.1.1 The procurement requirement and its associated delivery (as per the recommendations at Section 7), will be funded from existing revenue budgets.

6.1.2 Further detail is contained within Section 2.1 Financial Analysis of the Exempt Appendix.

### **6.2 Legal Comments**

6.2.1 Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.

6.2.2 The process adopted complies with the EU procurement regulations and the Council's Contract Procedure Rules.

6.2.3 This is a level 4 high risk category B procurement and therefore the decision to award is for Cabinet.

### **6.3 TUPE Comments**

6.3.1 The Transfer of Undertakings (Protection of Employment) Regulations 2006 will apply to any transfers of staff required for the provision of services. However, if it is envisaged that only new placements will be sourced from the framework and services are currently commissioned on a spot purchase basis, it is unlikely that they will be relevant staff to transfer.

### **6.4 Procurement Comments**

6.4.1 The delivery of this contract will provide efficiencies within the service and enable the business to gain value for money while maintaining high quality services.

6.4.2 Using a framework agreement will allow the Council to source services from a compliant list of pre-qualified providers to ensure best value and quality.

### **6.5 ICT Comments**

6.5.1 There are no immediate ICT implications in relation to this procurement. However, consideration should be given to the Citizen Portal which is being developed to initially meet the requirements of the Care Act, and in particular the e-marketplace element of the portal, where care providers are being asked to enter details of the service they provide, together with costs and other relevant details. This portal is a website and can be viewed by all members of the public and so anyone can request a quote for services from the provider of their choice, or seek information about available services. Currently, the Citizen Portal is focusing on adult care services, but in future will be providing information on services available to children and young people, and so



providers of these services could be included on the portal for ease of access to information about the services in the future.

## **7. RECOMMENDATION**

- 7.1 It is recommended that the successful tenderers as outlined in Section 3.3 of the exempt appendix be admitted onto the framework agreement for supported accommodation and floating support.

## **8. SUGGESTED REASONS FOR DECISION**

- 8.1 The successful tenderers have demonstrated the ability to deliver services at, or exceed, the minimum standard required.

## **LEAD OFFICER CONTACTS**

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## **APPENDICES**

Exempt Appendix

## **BACKGROUND PAPERS**

The following documents have been relied upon in the preparation of this report:

<b>Description of Document</b>	<b>Location</b>	<b>Date</b>
Cabinet Report (decision number 58/2014)	<a href="http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?IId=12266">http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?IId=12266</a>	11 March 2014