

**DELEGATED POWERS REPORT OF THE GROUP DIRECTOR OF CHILDREN'S,  
ADULTS AND COMMUNITY HEALTH IN CONSULTATION WITH THE GROUP  
DIRECTOR OF FINANCE AND RESOURCES**

**CONTRACT AWARD REPORT FOR THE JOINT COMMISSIONING OF  
RESIDENTIAL CHILDREN'S HOMES FOR LOOKED AFTER CHILDREN  
ACROSS NORTH EAST LONDON**

**DATE**

**7 October 2019**

**CLASSIFICATION:**

**Open**

**If exempt, the reason will be listed in the main body of this report.**

**WARD(S) AFFECTED**

**All Wards**

## 1. SUMMARY

- 1.1 The proposal in this report sets out an exciting opportunity to join with seven London Boroughs to jointly commission local residential provision for Looked after Children. This initiative would make a significant difference in the way that children and young people experience residential care. Currently most children who, because of their needs, require a placement within a specialist provision such as a residential children's home, are placed at a considerable distance from home.
- 1.2 Children's homes can provide support and care for some of our most vulnerable children and young people. We want each child in our care to be provided with the right placement at the right time, and for residential care to be a positive and beneficial choice for children and young people. By working together with other Local Authorities we have an opportunity to deliver significant improvements to the outcomes for children in residential care. By improving availability in the North East London footprint, we can ensure children are kept closer to home and their communities, and are supported by highly skilled staff and experience culturally appropriate placements. We can work closely with our partner Local Authorities and providers to focus on valuing our young people's heritage, promoting family and sibling contact and community ties and therefore making the transition back home, or supporting young people onto independence in the local community, easier.
- 1.3 The Council has a legal obligation under the Children Act 1989 to provide suitable accommodation for Looked after Children and fulfil its corporate parenting duty. It is the collective responsibility of the Council, elected members, employees and partner agencies to provide the best possible care and safeguarding for the children who are looked after by London Borough of Hackney.
- 1.4 The contract recommended in this report will deliver 35 residential children home placements in the North East London footprint that offer better outcomes for children and young people and best value for Local Authorities through achieving economies of scale through a block contract. As well as strong contract management arrangements there will be a strong process in place to avoid or minimise voids. 5 of these places are for Hackney.
- 1.5 The proposed long term outcomes of the project include: increasing the sufficiency of suitable placements, piloting sub regional commissioning arrangements with the view of expanding this to other Local Authorities in the future and, increasing value for money for Local Authorities. This will ultimately, partly address some of the cost pressure on the service. The service will support young people's rehabilitation back to a family environment if appropriate, support young people to develop independent living skills, meet demand for emergency placements, ensure placements are more stable and deliver better outcomes for children and young people. This proposed scheme will in part address the lack of suitable provision in North East London, and address the commissioning difficulties all the partner Local Authorities face when sourcing residential children's homes.

- 1.6 We will ensure the focus remains on education by supporting children and young people to maintain their school places and peer networks. The Contextual Safeguarding Team based in Hackney continues to be a valuable resource by supporting to keep children safe in their communities. By keeping children and young people closer to Hackney we can ensure that there is continuity in the services offered to young people such as clinical services; ensuring that young people struggling with their mental health get the support that they need. By creating more service provision in East London we will also be creating job opportunities for local people.

## **2 RECOMMENDATION(S)**

- 2.1 **The Group Director of CACH, in consultation with the Group Director of Finance and Resources, is recommended to award the contract for the Joint Commissioning of Residential Children's Homes for Looked after Children across North East London to Provider A. This will be for a period of 4 years, with the option to extend twice for two further years (4 + 2 + 2).**
- 2.2 **London Borough of Hackney's contribution to the provision will cost up to £5,483,378 for a period of eight (8) years. The annual cost breakdown is £685,422.**
- 2.3 **The total contract value across all eight authorities is £38,383,649.**
- 2.4 **To support the management of the contract, the contributing boroughs will be agreeing a small value contract charge sum – estimated to be less than c10K per annum to the host authority (Havering).**

## **3. RELATED DECISIONS**

- 3.1 Cabinet Procurement Committee agreed to the procurement of this service in December 2018. A reference to the Business Case can be found at the link below. It was agreed here that due to the need to coordinate sign off by 8 boroughs, the decision to award the contract would be made by the Group Director of CACH in consultation with the Group Director of Finance and Resources. The decision would then be submitted to CPC.

<http://mginternet.hackney.gov.uk/documents/s63206/101218%20CPC%20JOINT%20COMMISSIONING%20OF%20RESIDENTIAL.pdf>

## **4. REASONS FOR DECISION/OPTIONS APPRAISAL.**

- 4.1 The Department for Education's (DfE) Children's Social Care Innovation Programme has awarded the East London Health & Care Partnership

(formerly the North East London Sustainability and Transformation Partnership) (the “Partnership”) £835K funding over 3 years in July 2017 to support the commissioning and contract management functions of up to 35 residential placements (up to 5 per borough) for Looked after Children within the geographical footprint of North East London.

- 4.2 The Partnership brings together 8 Local Authorities and 12 NHS organisations in the areas within: Havering, Hackney, Barking and Dagenham; Tower Hamlets, Newham, Waltham Forest, Redbridge and The Corporation of the City of London.
- 4.3 The local authorities have negotiated a Partnership agreement enabling the London Borough of Havering to operate as the contracting authority with the responsibility of commissioning these Looked after Children placements on their behalf.
- 4.4 The governance for this project includes a Strategic Partnership Board and an Operational Board with delegates from each local authority that meet regularly. The governance for this project includes a robust mechanism for dispute resolution and escalation. Once the contract is operational, the London Borough of Hackney will receive quarterly management reports and monthly updates will be presented to the Boards which Hackney representatives will attend. This will help us to ensure the needs and interests of Hackney Looked after Children are met.
- 4.5 After the first three years the member local authorities will need to negotiate their ongoing contribution to the sub regional commissioning functions going forward. This is expected to be in the region of £10k per year and will be finalised by the Strategic Partnership Board before September 2019.

#### **4.6 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

- 4.6.1 For a full appraisal of the options considered please see the Business Case.

##### **i) Option 1 - Spot purchasing placements**

To remain ‘as is’ with the eight local authorities competing with each other for spot purchase placements. This option was rejected as it offers poor value for money and inefficient commissioning arrangements. The spot purchase arrangements make it difficult to have leverage to support the improvement of quality in delivery and a focus on outcomes for children and young people.

##### **ii) Option 2 - Hackney only block contracting arrangement**

Going out to market just for a Hackney only service would not offer the same opportunities for economies of scale and influence that an eight-borough tender across North East London would offer. In addition, the DfE Innovation Fund was specifically awarded to promote and test sub-regional joint commissioning, based on the success of a similar programme in Buckinghamshire.

### **iii)Option 3 – Council run Children’s Home**

Hackney does not run any residential children’s homes, and is therefore reliant on agency-run homes. The cost of these residential placements is significant, with current spot purchase arrangement being an average weekly cost of £3,534 per week (excluding education) as of 2018. This cost is in comparison to the £2,636 per week under the proposed block contract arrangement (note: the above figures are based on average costs for the whole Partnership and also assume full occupancy. As such, they are only indicative at this point in time). In September 2016, scoping the possibility of a children’s home for 6 residential places run by Hackney Council took place. It was concluded at the time that this option was not viable. A summary of the pros and cons are detailed in the original BC (see section 4 for link).

## **5. PROJECT PROGRESS**

### **5.1 Developments since the Business Case approval:**

5.1.1 Before approving the contract award, Havering legal advisors reviewed the partnership agreement and sought clarity on the risks and obligations of each local authority to the contract. This has resulted in agreement that will lead to an updated partnership agreement. This is still to be signed off and will clarify individual local authority responsibilities. A letter of comfort has been signed by each borough section 151 officer to indicate agreement to vary the partnership agreement – which is currently being reviewed by Hackney’s legal team. On this basis the contract was awarded to the successful bidder by Havering.

5.1.2 Upon going out to tender further consideration was given to the different needs of the group of young people and how to support them in their new homes. It was agreed that the tender would seek extra support services to ensure that young people are able to thrive in their new homes. To support this, bidders were asked to provide low, medium and high level services and costs depending on the amount of support a young person needs. This will be strictly managed and authorised by the Placements Manager.

### **5.2 Whole Life Costing/Budgets:**

5.2.1 The estimated total value of the services attributable to the Council is up to £5,483,378 over 8 years (plus management fees to the London Borough of Havering of £10K per year for 5 years, as the first 3 years are covered by the Innovation Funding). This has risen from the original business case figure of £5.25M (see paragraph above 5.1.2). The new prices enable the following service levels to be delivered:

## 5.2.2 Service Levels/ Bands:

Low	placement costs including: <ul style="list-style-type: none"> <li>• Assessment of needs</li> <li>• Care and accommodation</li> <li>• Clothing and general school uniform</li> <li>• Personal allowances</li> <li>• Equipment and resources</li> </ul>
Medium	placement costs plus: <ul style="list-style-type: none"> <li>• Appropriate adult work</li> <li>• Court attendances</li> <li>• Increased Staff ratios in excess of 1/3 but below 2/1</li> </ul>
High	Low and Medium support plus: <ul style="list-style-type: none"> <li>• Emergency therapeutic interventions</li> <li>• Further increased staffing ratios in excess of 2/1</li> </ul>

5.2.3 The fee paid for a low level of need placement will form a core payment; the fee for a medium level of need placement will include the payment made for a low-level of need placement plus a fixed fee for the additional level of activities and tasks that need to be carried out. The fee for a high-level of need placement will include the total payment made for a medium level of need placement plus a fixed fee for the additional level of activities and tasks that need to be carried out.

5.2.4 The total contract value and the financial bid submitted by Provider A is detailed below:

<b>Contract Element</b>	<b>Annual Cost (£ ex VAT)</b>	<b>Total Contract Cost (£ ex VAT)</b>
Low Support Cost	£4,388,575.80	£35,108,606.40
Medium Support Cost	£276,480.24	£2,211,841.92
High Support Cost	£132,900.12	£1,063,200.96
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<b>Total (£ ex VAT)</b>	<b>£4,797,965.16</b>	<b>£38,383,649.28</b>
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5.2.5 The total annual budget for up to 5 placements is £685,422 giving an average weekly price per placement of £2,636 (note: the above figures are based on average costs for the whole Partnership based on the submitted financial bid of the successful provider and also assume full occupancy. As such, they are only indicative at this point in time).

5.2.6 The contract value is based on the average low, medium and high support needs of young people living in children's homes for 2017-2018 across the partnership. Across the partnership this was 35 low spaces, 20 medium, and 12 high.

Support Level	Weekly cost, per placement (£)	Annual cost, per placement (£)	Annual cost, 5 placements (£)	Total Contract Cost (£) over 8 years
Low	2,411.30	125,387.60	626,938.00	£5,015,504.00
Medium	2,563.21	133,286.92	666,434.60	£5,331,476.80
High	2,636.23	137,083.96	685,419.80	£5,483,358.40

5.2.7 The total contract cost for London Borough of Hackney will therefore be between £5.M and £5.49M for the full 8 years.

5.2.8 As detailed in the specification and the tender documents, the placing local authority is responsible for setting the need of the child at referral stage, not the provider.

5.2.9 Placements will not be at 100% occupancy from the outset of the contract. The Local Authorities in the Partnership will identify how many Looked after Children they can transfer into the new placements and the expected timescales they can move towards 100% occupancy. The contract will allow the Partnership only to pay for the used beds during the scale up to 100% occupancy in the first twelve months. This will be agreed at contract implementation and a clear process and timescales will be agreed.

5.2.10 The contract will be clear that there is no annual uplift, and the price is set for the lifetime of the contract.

5.2.11 7% of this annual price, is linked to performance. The provider will have to demonstrate to the contract manager and the strategic board how they have delivered innovation in the contract in order to release this value.

5.2.12 There is still a need to agree the management fee for this contract, payable to Havering. This will be led by the Director of children's social care at the project board meetings and is likely to be 10K per annum and is payable only once the DfE money has ended after year 3.

## 5.3 Savings:

**Table 1: Potential Savings based on Low, Medium and High support**

<b>Support Level - Low</b>						
Occupancy (Beds)	5	4	3	2	1	0
Occupancy Rate (%)	100%	80%	60%	40%	20%	0%
Annual Contract (5 Beds)	627,000	627,000	627,000	627,000	627,000	627,000
Annual expenditure (2018/19 Rate)	921,544	737,235	552,926	368,618	184,309	-
Anticipated Annual Savings	294,544	110,235	-74,074	-258,382	-442,691	-627,000
Anticipated Savings (over eight years)	2,356,352	881,882	-592,589	-2,067,059	-3,541,530	-5,016,000
<b>Support Level - Medium</b>						
Occupancy (Beds)	5	4	3	2	1	0
Occupancy Rate (%)	100%	80%	60%	40%	20%	0%
Annual Contract (5 Beds)	666,500	666,500	666,500	666,500	666,500	666,500
Annual expenditure (2018/19 Rate)	921,544	737,235	552,926	368,618	184,309	-
Anticipated Annual Savings	255,044	70,735	-113,574	-297,882	-482,191	-666,500
Anticipated Savings (over eight years)	2,040,352	565,882	-908,589	-2,383,059	-3,857,530	-5,332,000
<b>Support Level - High</b>						
Occupancy (Beds)	5	4	3	2	1	0
Occupancy Rate (%)	100%	80%	60%	40%	20%	0%
Annual Contract (5 Beds)	685,500	685,500	685,500	685,500	685,500	685,500
Annual expenditure (2018/19 Rate)	921,544	737,235	552,926	368,618	184,309	-
Anticipated Annual Savings	236,044	51,735	-132,574	-316,882	-501,191	-685,500
Anticipated Savings (over eight years)	1,888,352	413,882	-1,060,589	-2,535,059	-4,009,530	-5,484,000

- 5.3.1 If full occupancy is achieved from the start of the contract, the savings over the life of the whole project will be in the region of £1.8 - £2.3 million. However, given that there may be times when there are voids over the 8 years, 100% of savings is unlikely to be achieved. The development of an internal market to enable partner Local Authorities to sell their vacant beds if needed to each other will support the reduction of paying for voids.
- 5.3.2 The Council is confident that savings would be achieved and aim for a 90% occupancy rate over the whole life of the contract. Given that the number of young people who require residential care has been consistently rising over the last 3 years this is viewed as achievable.
- 5.3.3 The average annual numbers of Hackney children in residential care for 2018/19 is at 25, so 5 beds is 1/5 of the total and the Council do not envisage these numbers reducing to below 5.



5.3.4 Prior to the mobilisation the Hackney Children and Families Service will be identifying any suitable young people that may be able to move to the new provision, and it is envisaged that all new placements will be made within the block contract if appropriate. The below table shows the analysis of current residential care trends over the last three years detailing how average client numbers have increased from 20 in 2016 to 25 in 2018. The below table also shows the increasing weekly cost, where the proposed fee in the contract is significantly lower and could deliver cost reduction over the life time of the contract.

	2016/17	2017/18	2018/19*
Outturn/Forecast (£)	3,237,631	3,975,392	5,268,540
Avg. Weekly Residential (£)	3,397	3,264	3,535
Avg. Annual Residential (£)	177,100	170,200	184,309
Avg. Clients Numbers	20	24	25
* Forecast			

5.3.5 Annual cost savings from this procurement for the London Borough of Hackney are estimated to be in the region of £52K - £294K per year. Additional efficiencies will be achieved through the reduction of duplication by individual local authority placement teams. The proposed process will have significant impact on the Children and Families Service, and the necessity to meet future demand of residential care for Looked after Children. By securing a block contract, this will ensure the availability of 5 beds across the North East London footprint for Hackney children to be able to access.

5.3.6 The London Borough of Havering is the lead authority and will be responsible for contract procurement, management and monitoring functions. Placements will not be at 100% occupancy from the outset of the contract. The Local Authorities in the Partnership will identify how many Looked after Children they can transfer into the new placements and the expected timescales they can move towards 100% occupancy. The contract will allow the Partnership only to pay for the used beds during the scale up to 100%. We will work closely with the London Borough of Havering and continue the regular partnership meetings and ensure a robust governance process is in place.

## **6. SUSTAINABILITY ISSUES**

### **6.1 Equality Impact Assessment and Equality Issues:**

6.1.1 The RAT categorised this procurement to be high risk.

6.1.2 No adverse impact on any groups were identified through the PRIMAS. Through this contract the successful Provider is required to meet the

culturally diverse needs of all young people. The service will contribute towards reduced levels of placement disruption for those children in care.

6.1.3 The wellbeing of children in the borough and ensuring that potentially vulnerable children and young people are safely housed and supported based on their needs, is a fundamental responsibility of the Council.

6.1.4 Integrated service provision will enable children and young people to be safeguarded while being housed and allows them to experience services within the community in a safe way, thereby, contributing to positive life chances, educational and social development.

## **6.2 Environmental Issues:**

6.2.1 There are no negative environmental issues identified in the PRIMAS. The procurement of this service will allow Hackney children and young people who are best placed in a residential children's home to be placed closer to home rather than at a distance. This will support the cultural, religious needs of young people and promote family contact. This will also reduce the travel costs to the Council where social workers have to complete statutory visits at a distance, and have a positive impact on the environment as professionals will be able to visit children and young people via public transport.

## **6.3 Economic Issues:**

6.3.1 There are no negative economic issues identified in the PRIMAS. One of the Partnership's priorities is to improve the quality of residential children's homes in the North East London area so more children and young people can be placed locally. To this end, the Partnership will provide systemic practice training and develop the residential workforce to deliver a higher quality of care and better outcomes to our Looked after Children.

6.3.2 The Partnership will work with learning and development teams across the Partnership to support residential care workers to complete systemic family practice training and residential care qualifications level 5. This training will also ensure staff are able to develop a sustainable plan to step-down from residential care for all young people. Upskilling the workforce will lead to improved outcomes for children and young people.

6.3.3 There was a clear expectation in the initial tender and specification document that providers will pay their staff at least the London Living Wage.

## **7. TENDER EVALUATION**

## 7.1 Evaluation:

- 7.1.1 The procurement was carried out by the London Borough of Havering on behalf of the eight boroughs in the partnership. Staff from Hackney Council were fully involved in the preparation for the tender opportunity. The process followed a one stage open tender route. All tender documents, including a full specification, were available from the date of advert in line with the Public Contract Regulations (2015).
- 7.1.2 The value of the Services exceeded the relevant EU procurement threshold and therefore the opportunity was advertised via the Official Journal of the European Union (OJEU), as well as Contracts Finder.
- 7.1.3 The tender evaluation team included representatives from all the local authorities in the partnership and young people. The evaluators had been included in the development of the contract specification and the evaluation matrix.
- 7.1.4 Twenty seven expressions of interest (EOIs) were received from individual organisations, resulting in four bid submissions.
- 7.1.5 There were fifteen members of the tender panel, two representatives from each local authority (except for City of London – which had one representative), and Silver Lined Horizons the youth participation partner facilitated the young people to submit evaluations. The tender panel was made up of representatives from different areas of expertise including commissioning, procurement, social care, youth participation, and heads of service from the partner authorities. Hackney was represented by the Head of Corporate Parenting and the Resource Manager for PMU who were fully involved in the qualitative aspects of the tender evaluation.
- 7.1.6 All Bidders meeting the selection criteria (set out in the selection criteria) proceeded to the to the final evaluation stage. In total, four suppliers completed and submitted their tender documents by the closing date of 11th February 2019.
- 7.1.7 The evaluations were based on a quality price split of 50:50. (see table below).
- 7.1.8 One supplier withdrew themselves from the process during the clarification meetings as it was evident that they would not be able to provide placements for all cohorts of young people. Two of the remaining suppliers submitted a cost for the service that were within the parameters set by the partnership. One supplier submitted a costs that were considerably over the advised budget.
- 7.1.9 The tender was evaluated on the following criteria. This criteria was established with each local authority and in consultation with young people and providers:

<b>Scoring Criteria</b>	<b>Score</b>
<b>Quality</b>	<b>50%</b>
Service Delivery & Quality	25%
Safeguarding	10%
Outcomes	10%
Staffing	5%
<b>Price</b>	<b>50%</b>

7.1.10 As part of the evaluation, the project board met to consider the commercial and technical scores as well as comment on the quality of the submissions from the three remaining bids in the tender process. At this meeting the board were able to agree on the most favourable bid to recommend for award. In summary, the scores of the bids tendering are presented below:

<b>Tender Results</b>			
<b>Bidder</b>	<b>Technical Score</b>	<b>Commercial Score</b>	<b>Total Score</b>
Provider A	35.500	47.297	82.797
Provider B	29.500	50.000	79.500
Provider C	41.000	38.419	79.419

7.1.11 The panel agreed Provider A had the most sustainable proposal.

**7.2 Recommendation:** The tender panel recommend that Provider A is awarded the contract for the Joint Commissioning of Residential Children's Homes across North East London. Provider A has demonstrated that they would be able to meet the full requirements of the specification and that they understood the need for effective communication and excellent partnership working. They demonstrated a good knowledge of the needs of the young people in the partnership and a strong child focused approach in their delivery.

**7.3 London Living Wage:** The bidders were asked in their tender submission whether they were committed to paying the London Living Wage, and all confirmed this.

## **8. CONTRACT MANAGEMENT ARRANGEMENTS**

**8.1 Resources and Project Management (Roles and Responsibilities):**

8.2 London Borough of Havering will lead on the contract management and referral function on behalf of the Partnership. The central brokerage function will be developed over the first year of the programme. There will also be a contract manager appointed by the lead authority to oversee the management of the contract, this post has now been advertised. Costs for this are shared by the partnership, and covered by the initial DfE grant.

8.3 The London Borough of Hackney will receive quarterly management reports and monthly updates will be presented to the Partnership Board, which Hackney representatives will attend. Throughout these regular meetings, we will ensure the needs and interests of Hackney Looked after Children remain represented. There will be a robust escalation process in place.

8.5 Mobilisation will be led by the Resource Manager for PMU.

**8.6 Key Performance Indicators:**

The KPIs will be monitored quarterly, with these being submitted to the lead local authority in line with other contractual arrangements.

8.6 A full list of the Key Performance Indicators can be found in Appendix 1 and a summary is also listed below

Main KPI Targets Set	Monitoring
1. Placement stability	Quarterly reporting collated by the lead authority & shared with the partnership
2. Placement suitability	Quarterly reporting collated by the lead authority & shared with the partnership
3. General indicators linked to local priorities	Quarterly reporting collated by the lead authority & shared with the partnership
4. Individual child outcome Monitoring	Quarterly reporting collated by the lead authority & shared with the partnership
5. Financial monitoring	Quarterly reporting collated by the lead authority & shared with the partnership

**9. COMMENTS OF THE CORPORATE DIRECTOR OF FINANCE AND RESOURCES**

9.1 This reports recommends to award the contract for the joint commissioning of up to 35 children's residential placements for looked after children across eight local authorities across North East London (NEL) Partnership to Provider A. This will be a block contract, and will be

for a period of four years, with the option to extend twice for two further years (4+2+2).

- 9.2 The total estimate value of the procurement of the service over the maximum life of the contract is £38.4m allocation across the eight North East London Partnership Authorities. The annual cost to the London Borough of Hackney will be up to £685k per year inclusive of management fees (no management fee for the first three years as this period will be funded by the Innovation Fund). The whole life cost to the department will be £5.5m over the maximum eight year life of the block contract. This will be met from existing budgets within Children and Families, and will not increase the budget pressure for the Council.
- 9.3 Children's residential placements are the most expensive looked after care provision and currently average cost of around £190k per annum, and this represents the most significant cost pressure for the Children's and Families division. By entering the tender process to block purchase residential placements for looked after children, there is a potential to reduce our current costs by £52k-£294k per annum depending on the level of support for the young person. This could generate a saving in the range of £0.4m-£2.4m over the maximum life of the contract as long as there is a minimum occupancy rate of four children placed for the duration of the Partnership. Further details of the savings are provided in Section 5.3 of the report. The Council is confident that the occupancy rate will be achieved as the number of children in residential placements continue to increase over the last couple of years.
- 9.4 In-sourcing of the service was considered as an alternative method of service delivery, however this option was not deemed to be feasible. Further details are provided in the original business case.

## **10. COMMENTS OF THE CORPORATE DIRECTOR OF LEGAL, HR AND REGULATORY SERVICES**

- 10.1 Cabinet Procurement Committee agreed on 10<sup>th</sup> December 2018 to delegate authority to Group Director of Children, Adults and Community Health, in consultation with the Group Director of Finance and Corporate Resources, to award the contract for Residential Children's Homes for Looked after Children.
- 10.2 This Report sets out the details of the award of such contract arising under the delegation to the Group Director of Children, Adults and Community Health and also sets out details of the procurement process undertaken by the London Borough of Havering as contracting authority on behalf of the North East London Sustainability and Transformation Partnership. Legal Services will assist with the drafting and execution of the contract arising from the award of contract as requested.

## **11. COMMENTS OF THE CATEGORY LEAD**

- 11.1 Joining together in this opportunity with similar local authorities will help Hackney Council to improve outcomes for young people. The ability to live locally is important for our young people, as is their requirements to be safe and have opportunities to thrive.
- 11.2 The collaborative arrangements if well managed, should enable Hackney to reduce costs of c.£2m over the possible eight year period of the contract. The break period for this contract is at 4 years, with renewal for up to four further years.
- 11.3 The partnership agreement does allow the local authority to give notice to the arrangements, and it is important that effective contract management and future profiling of need is carried out to ensure that residential as opposed to other forms of care arrangements are still suitable for our young people. Hackney legal are reviewing the overarching partnership arrangements.
- 11.4 The Placements team will need to control costs through the level of service purchased. 5 placements at high cost will be £685,620. per annum. The weekly unit costs are as follows:
- |         |         |
|---------|---------|
| Core:   | £.2412. |
| Medium: | £ 2564. |
| High:   | £ 2637. |
- 11.5 Working collaboratively, we are also able to “sell” spaces to other local authorities should Hackney see a dip in need. At the moment the procurement only covers 20% of anticipated need and through the establishment of several different homes we will be able to offer our young people choice in where they choose to live and more importantly safety and the right environment.
- 11.6 The procurement process was preceded by extensive market engagement, with both providers and young people able to feed into the tender exercise and inform the final development of the specification. The procurement was run by London Borough of Havering and was carried out following the Open Procedure but under the Light Touch rules.

## **APPENDICES**

Appendix 1: Key Performance Indicators

## **EXEMPT**

Exempt Appendix 2

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**CONFIDENTIAL**

No

## BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

### Description of document (or None)

None.

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<b>Approval from Group Director Finance and Corporate Resources, Ian Williams</b>	 Date: 13.09.19



## **Open Appendix 1**

**A comprehensive list of organisational performance indicators to be tracked through the residential programme**

### **Organisational Aggregated Monitoring.**

#### **Placement Stability:**

- Stability Index (Developed by the Office of the Children's Commissioner)
- Number of placement moves
- Number of unauthorised absences and missing episodes

#### **Placement suitability:**

- Feedback from young people
- Number of unplanned placement moves
- Wellbeing of young people in residential placements measured through the Strengths and Difficulties Questionnaire

#### **General indicators:**

- The number of new local placement options within the sub-region
- Improved educational attainment - the percentage of those in care achieving 5 A\*-C for GCSEs
- Staying close – all young people placed in residential care through this programme will be placed within 20 miles of their home authority
- Child Satisfaction measured through surveys
- The number of young people involved in co-production, through membership of the young person's forum and contract management.
- Residential provider satisfaction measured through surveys
- Local Authority satisfaction across the Partnership measured through surveys
- The number of young people engaged with community professionals, i.e. Child and Adolescent Mental Health Services and health providers.

### **Individual Child Outcome Monitoring:**

**The Partnership will also be monitoring individual children's progress towards their personal targets. This will be accomplished using:**

- Care plans
- Stepdown plans
- Personal education plans

### **Financial Monitoring:**

- Average weekly cost of residential placements inside of the Partnership's geographical footprint, compared to the cost outside of the footprint
- Average duration of residential placement
- Reduction in overhead cost savings from young people placed less than twenty miles from their originating community
- The number of young people who are sustainably stepped-down from residential placements
- The reduction in overhead costs delivered through smarter commissioning and a centralised approach
- Reduced usage of secure placements

