

<b>TITLE OF REPORT : Provision of Contact Services for Looked After Children</b>	
<b>CONTRACT APPROVAL</b>	
<b>Key Decision No.CACH Q53</b>	
<b>CPC MEETING DATE</b>  11th March 2020	<b>CLASSIFICATION:</b>  Open with exempt appendices 1-4  By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendices 1-4 are exempt because they contain 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.
<b>WARD(S) AFFECTED</b>  All Wards	
<b>CABINET MEMBER</b>  Cllr Anntoinette Bramble Deputy Mayor and Cabinet Member for Education, Young People and Children's Social Care	
<b>KEY DECISION</b>  Yes	
<b>REASON</b>  Spending and Saving	

<b>GROUP DIRECTOR</b>
<b>Anne Canning</b>

## **1. CABINET MEMBER'S INTRODUCTION**

- 1.1. Children who are Looked After by the Local Authority away from their families, either temporarily or permanently, will often need on-going supervised, supported or facilitated contact with members of their families. Contact arrangements for children are an important part of the child's plan; they assist in the assessment of risk and the identification of strengths between children and their parents / carers. Promoting good contact arrangements can support successful rehabilitation of children to their families when safe to do so and can also support early identification of a parent's capacity to change in order to plan for a child's needs for permanence via adoption or fostering.
- 1.2. The Council has a legal obligation under Section 34 of the Children Act 1989 to promote contact between children looked after and their parents/carers, siblings and extended family members. The contact service through a supported or supervised method facilitates this important provision.
- 1.3. Members will note that considerations of in-sourcing the contact service was not deemed viable during the options appraisal process. The Council has brought some previously outsourced services back in-house where it was judged to be operationally and/or financially advantageous. However, the nature of contact services provided to the Council and skills required to successfully manage the risks within each faction is typically two-fold; planned and reactive. It is the reactive element of the service that particularly defined the contact service as out of scope for in-sourcing. An in-house service also lacks the independence which is beneficial where cases are heard in court and evidence pertaining to contact is required. Members should also note that the Council would incur a 40% increase in cost should the service be brought in-house.
- 1.4. It is necessary to retain the outsourced contact services due to its significant financial and operational benefits to the Council as outlined in

the report. This is most prevalent in the “reactive” element of the service due to the often short notice requests for contact and the frequency sometimes directed by the courts.

- 1.5. The Council used this tender opportunity to give further emphasis on the quality of the workforce required. It is our expectation that this will facilitate the successful introduction of an improved contact service alongside the continued benefits of London Living Wage and its delivery of a higher retention of experienced staff.
- 1.6. This report and the recommendations are the result of a rigorous procurement process undertaken by Children & Family Service and Procurement Services.

## **2. GROUP DIRECTOR’S INTRODUCTION**

- 2.1. This report requests approval to award a five year contract to deliver contact services for looked after children.
- 2.2. Currently, the contact service is delivered using an external provider. The service was commissioned and awarded to the provider in March 2013 for a period of 5 years which expired on 31<sup>st</sup> March 2018. Given the importance of continuity of service, the contract with the existing provider will continue until 1<sup>st</sup> July 2020. During this period, a procurement process for a new service was undertaken.
- 2.3. A thorough procurement process has been undertaken, which included four care leavers from the Hackney Children in Care Council. Their input was most valuable as they were able to articulate the needs and views of Looked After Children who will be using the service and to inform our understanding of their experiences of accessing contact provisions during their childhood.
- 2.4. Following the conclusion of the procurement process, the Council has identified a provider capable of delivering the required service.

## **3. RECOMMENDATION(S)**

### **3.1 The Cabinet Procurement Committee is recommended:**

- 3.1.1 **To consider and agree the award to Provider A the Provision of Contact Services for Looked After Children period of three plus two years (1+1) from 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2025 at an estimated cost detailed Exempt Appendix 3.**

#### **4. RELATED DECISIONS**

- 4.1 The Cabinet Procurement Committee approved the Procurement Strategy Business Case Report at its meeting on 10<sup>th</sup> December 2018. Please see link to report below:

[http://mginternet.hackney.gov.uk/documents/s63231/101218%20CPC%20Provision\\_of\\_Contact\\_Services%20Final.pdf](http://mginternet.hackney.gov.uk/documents/s63231/101218%20CPC%20Provision_of_Contact_Services%20Final.pdf)

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

- 5.1 This report provides the Cabinet Procurement Committee with the outcome of the procurement of a new contact service contract for Looked After Children in Hackney.
- 5.2 Following the approval of the contract award, Officers will proceed with the Implementation of the new contract to commence operation by 1<sup>st</sup> July 2020.
- 5.3 The current outsourced service has continued to demonstrate an ability to respond efficiently and effectively to the demands on the service. At present the current provision is contracted to deliver 14,000 hours of contact per year, however in reality it is often 10-20% more. Therefore the new contact service provision will be expected to deliver a minimum of 14,500 hours per annum. The majority of the service will be delivered from the Ferncliff Centre, with a small amount held out of the borough.
- 5.4 The provider will work with the Hackney Children's Services management team to ensure that demand is met, quality remains high and that contact is managed in the best interests of children.
- 5.5 TUPE will apply to 13 permanent members of staff and possibly 9 sessional workers that may have acquired employment rights due to their length of service. This will be further ratified during the contract mobilisation stage.
- 5.6 Despite the increase in demand and the TUPE Implications, this procurement has achieved an annual saving of £39,454.

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

- 5.7.1 Please see below options considered and rejected - Please see section 8. In addition, the Business Case Report approved on 10<sup>th</sup> December 2019, provides a more detailed explanation.

#### **6. PROJECT PROGRESS**

- 6.1. **Developments since the Business Case approval.** Following approval of the Business Case at the Cabinet Procurement Committee the procurement

strategy was changed from the Restricted Procedure to the Open Procedure. This did not prejudice the process as all providers had access to the same information at the same time.

- 6.2. In addition, the procurement strategy was adjusted to involve the Children in Care Council. This involved four young people, all of whom are current Care Leavers who accessed contact provisions during their childhood. A decision was made to include the Children in Care Council to better inform professionals understanding of the experiences of Looked After Children when attending contact centres and having their time with their families supervised. The Children in Care Council have shared their views on the environment, of the practice of contact supervisors and how it feels to have professionals make judgements about their time with their families. These young people were involved in the presentation stage of the procurement process and were given the opportunity to formulate and ask clarification questions which formed part of the tender evaluation process.
- 6.3. This experience has highlighted the benefit of co-production with children and young people. Going forward, the Children in Care Council will be involved in reviewing the contact service provision.
- 6.4. **Whole Life Costing:** The annual whole life costing for the contact service based on Provider A price is £723,500.

Provider A Price	Total
Contact Service	£638,500
Lease	£55,000 - Paid by the provider
Utilities	£30,000 - Paid by the provider
Total	£723,500

- 6.5. The projected whole life cost of the new contract is approximately £3,617,000 over five years.
- 6.6. Following the procurement, the whole life cost for contact service provision only is £3,192,500 over the full 5 year lifecycle. These costs are set out in **Exempt Appendix 3.**
- 6.7. **SAVINGS**
- 6.8. This procurement has achieved an saving of approximately £39,454 per annum. A whole life cost saving of £197,270 over five years.

## 7. SUSTAINABILITY ISSUES

- 7.1. **Procuring Green:** Consideration has been given to travel arrangements for children and families during contact sessions. Where safe to do so, contact supervisors will be encouraged to use public transport during contact sessions with children and families.

- 7.2. **Procuring for a Better Society:** The contact service will have a positive impact by providing an accessible resource for Looked After Children and their families where contact can take place in a suitable local environment. For those children placed outside the borough, it allows an opportunity to spend time within their home borough with their families, contributing to their identity needs. Such arrangements support assessments and interventions with families and increase the likelihood of rehabilitation, stability and positive contact. The impact of these factors supports children to reach their full potential.
- 7.3. **Procuring Fair Delivery:** Providers were asked to consider their recruitment process and ensure their recruited staff where possible from Hackney and the local community, thus enabling local people to access employment opportunities.
- 7.4. **Equality Impact Assessment and Equality Issues:**  
This procurement did not identify any adverse equalities issues.

## **8. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

- 8.1. **In-source contact services (In-house provision)** - This option entails integrating all contact services, by bringing the provision back in-house. The Council would incur an additional cost of £269k per annum which represents a 40% increase in the service. An in-house service also lacks the independence which is beneficial where cases are in court and evidence around contact is required.
- 8.2. **Option 2 - Outsource to a range of outsourced providers** - This option involves outsourcing the contact service to a range of providers as a framework; this option may provide a competitive market for service delivery but carries a risk of inconsistent service delivery, additional administration from liaising with multiple suppliers and additional contract management obligations to the Council.

## **9. TENDER EVALUATION**

### **9.1. Evaluation:**

- 9.1.1. Following agreement of the procurement strategy by Cabinet Procurement Committee on the 10th December 2018, a Contracts Notice was published in the Official Journal of the European Union (OJEU) reference 2019/S 099-239966 on 27th May 2019.
- 9.1.2. The Cabinet Procurement Committee approved the commencement of the procurement using the Restricted Procedure, however, the procurement was conducted utilising the Open Procedure as market insight revealed a manageable number of suppliers in the industry. This did not prejudice the process as all suppliers within the EU had access to the same information at the same time. The procurement documents

consisted of the Selection Questionnaire (SQ), Specification of Requirement, the Pricing Schedule, TUPE Data and the Contracts Terms & Conditions.

- 9.1.3. Expressions of interest were received from 48 suppliers. 35 Suppliers decided not to respond whilst seven suppliers chose to opt out citing reasons including lack of resources to bid, unable to meet the requirement, unable to be competitive and unable to meet the timescales (detailed in **Exempt Appendix 1**).
- 9.1.4. Numerous clarifications were received from providers in relation to the TUPE implications. Providers expressed concerns on the staffing obligations which may have affected the eventual response to the tender.
- 9.1.5. Six suppliers subsequently submitted a response to the Invitation to Tender (ITT) on 28<sup>th</sup> June 2019.
- 9.1.6. All suppliers passed the Selection Questionnaire which was evaluated against a predefined evaluation criterion.
- 9.1.7. The tender evaluation was undertaken by the following stakeholders;
  - Service Manager, Family Intervention & Support Service (FISS)
  - Service Manager, Looked After Children (LAC)
- 9.1.8. The evaluation panel was issued with the tenders submitted by each supplier along with the evaluation model to record the scores awarded.
- 9.1.9. Tenders were evaluated in accordance with the criteria set out in the ITT document. One tender response was deemed non-compliant as they failed to submit a full tender response and were disqualified from the process.

**Table 1- Tender Evaluation Criteria and Weightings**

<b>Criteria</b>	<b>Weightings %</b>
<b>Quality</b>	<b>70%</b>
Service Delivery	30%
Structure, Staffing & Supervision	15%
Safeguarding & Risk Assessments	10%
Quality Assurance	10%
Social Value	5%

<b>Price</b>	<b>30%</b>
<b>Total</b>	<b>100%</b>

- 9.1.10. The panel evaluated the tenders individually which were subsequently sent to procurement to collate. Two moderation meetings were held on Monday 5<sup>th</sup> and Thursday 29<sup>th</sup> August 2019 to discuss the scores awarded and arrive at a final consensus score for each element of the tenders. The qualitative scores were then combined with the score allocated to the price submission which resulted in an overall score for each provider.
- 9.1.11. The financial evaluation was based on the cost for delivering the service which excluded utilities and the leasing costs. The provider will be responsible for paying for utilities bills and the leasing costs which will be managed by Property Service.
- 9.1.12. The financial evaluation was also carried out in line with methodology stated in the ITT.
- 9.1.13. A summary of the scores can be found in Table 2 below. A detailed breakdown of the quality and price scores can be found in **Exempt Appendix 2**.
- 9.1.14. **Exempt Appendix 3** provides a detailed cost breakdown.

**Table 2 - Summary of Quality & Price Scores**

Provider Reference	Quality	Price	Total
Provider A	64.88%	23.83%	88.71%
Provider B	64.88%	20.96%	85.84%
Provider C	49.13%	30.00%	79.13%
Provider D	55.50%	23.19%	78.69%
Provider E	39.25%	29.86%	69.11%

**9.2. Recommendation:**

- 9.2.1. On the basis of the tender evaluation outcome, the Cabinet Procurement Committee is recommended to approve the contract award to Provider A the Provision of Contact Services for Looked After Children for a period of three plus two years from 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2025 at an estimated total cost detailed **Exempt Appendix 3**.



- 9.2.2. Subject to the recommendations being approved by Cabinet Procurement Committee, there will then be a mandatory standstill period between 11<sup>th</sup> and 21<sup>st</sup> February 2020.
- 9.2.3. Following the contract award, project meetings will be held to establish the requirements to enable a smooth mobilisation. TUPE will apply to a number of staff and the Council will work with Provider A to ensure a seamless transition.

## **CONTRACT MANAGEMENT ARRANGEMENTS**

### **9.3. Resources and Project Management (Roles and Responsibilities):**

- 9.3.1. The contract will be managed by a Service Manager based within the Looked After Children's Service, as the children they support are most likely to access the service. The Service Manager will be involved in the mobilisation process to ensure a seamless TUPE process.
- 9.3.2. It is expected that the impact upon service users and staff will be limited because of the experience of Provider A in delivering contact services. However, time has been set aside in the implementation plan to allow for TUPE consultation.
- 9.3.3. The project plan has allowed about three months for contract implementation (**Exempt Appendix 4**). A full mobilisation plan will be produced by the provider indicating key activities and milestones throughout the period. The Service Manager will work closely with the provider to ensure a smooth handover and implementation and will report on progress on a weekly basis.
- 9.3.4. The Contracts Team will support the implementation meetings to ensure that the contract is executed. A lease agreement has been drafted and will run co-terminus with the service contract.
- 9.3.5. The provider will be expected to attend monthly monitoring meetings for the first three to six month and quarterly thereafter. The monitoring meetings will review:
- KPI reporting
  - Monthly/quarterly provider performance
  - Invoice checking
  - Customer satisfaction surveys
  - Risk/Safeguarding
  - Estate Management
  - Quarterly strategic reviews
- 9.3.6. The provider will liaise directly with Social Workers who will be making referrals directly. These referrals will be accepted or challenged as appropriate, and there will be a continual dialogue between the provider and the Social Workers to share information about families and ensure good contact arrangements are in

place. The provider will attend Social Work team meetings to promote good working relationships.

- 9.3.7. The provider will also be expected to work in conjunction with the Service Manager to further develop customer satisfaction surveys to ensure the feedback is gathered to reflect the KPIs.
- 9.3.8. The Service Manager will also gather feedback from Children in Care Council (Hackney of Tomorrow) on a quarterly basis to ensure Looked After Children's wishes and feelings are reflected in monitoring of the contract.
- 9.3.9. The provider is expected to consult with the Children in Care Council (Hackney of Tomorrow) around future planning of the service. This will ensure the views of Looked After Children are represented.
- 9.3.10. Contact will be planned and managed with Foster Carers and families ensuring they understand the expectations of a contact session. Reports from the sessions form part of key documents used to support decision making in Family Courts.

9.4. **Key Performance Indicators:** The current KPI's are still relevant and will continue. However, they have been updated slightly. Please see Appendix 1.

## **10. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

- 10.1. The recommendation of this report is to approve the procurement of a contract for Contact Services. The annual value of the contract will be £638,500 to the FISS service area and the contract will be for three years with the option to extend for a further two years (3+1+1) from 1st July 2020. The cost of the contract for the three year period will be £1,915,500.
- 10.2. The total estimated value of the re-procurement of the service over the maximum five year life of the contract is £3,192,500, and this will be met from existing budgets within Children and Families and will not result in a budget pressure for the Council.
- 10.3. The budget set for the Contact Service is £677,954 per annum which will result in a saving of £39,454 per year. The maximum savings achieved over the three and five year periods are £118,362 and £197,270 respectively.

## **11. VAT Implications on Land & Property Transactions**

- 11.1 On the assumption that the organisation is contracted to provide a service to the Council, it is agreed that the VAT should be recoverable.

## **12. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE**

- 12.1. The contract in this Report was assessed as Medium Risk, but under paragraph 2.7.11 of Contract Standing Orders the Chair of Hackney Procurement Board deemed it appropriate to refer the Business Case to Cabinet Procurement Committee for approval rather than to Hackney Procurement Board. Cabinet Procurement Committee approved the Business Case for this matter on 10<sup>th</sup> December 2018 and therefore the Contract Award Report is also being submitted to Cabinet Procurement Committee for approval
- 12.2. The Council undertook a procurement process for services which are classified as Social and other Specific Services under Schedule 3 of the Public Contracts Regulations 2015. It was necessary to publish an OJEU notice in respect of the services but the Council was free to determine the procedures to be applied in the award of the contract. The Council chose to use a procurement procedure based on the Open Procedure under such Regulations.
- 12.3. Under FR105 of the Scheme of Delegation of the Group Director of Finance and Corporate Resources the grant of a lease for less than 7 years in respect of General Fund can be approved by a Director or Head of Service. Therefore the grant of the lease to the provider which is necessary for the performance of the services in such Report should be approved in such manner.

## **13. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 13.1. The procurement routes for the procurement was updated in light of further market information. The number of bidders and the quality of the scores demonstrate that there is a small but competent market able to help the council meet the needs for contact.
- 13.2. The procurement process was changed from being a two stage tender to a one stage tender. Tender documentation was clear that bidders with experience of running similar services were required. Other factors, such as London Living Wage, were also clearly outlined.
- 13.3. The inclusion of young people to help assess the bids helps us to ensure that we are using insight from local people and upholding our commitment to work with local residents.
- 13.4. The tender timeline has slipped, and a further STA is required to ensure that we are in a good place to mobilise the new service. The service area will need to plan this carefully and ensure that adequate resources for this and ongoing contract management are in place.

## APPENDICES

### Public Appendix 1 - Key Performance Indicators

#### EXEMPT

**Exempt Appendix 1 - Long and Short List of Providers**

**Exempt Appendix 2 - Breakdown of Quality & Price Score**

**Exempt Appendix 3 - Detailed Cost Breakdown**

**Exempt Appendix 4 - Implementation Plan**

By Virtue of Paragraph 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.

## 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:

None.

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