

North Tyneside Council
Report to Jacqui Old,
Head of Health, Education, Care and
Safeguarding)
Date: 11th January 2018

ITEM

**Title: NE12 Regional
Procurement – Children’s
Homes, Short Breaks and
Independent Special
Schools**

Portfolio(s): **Children, Young People and
Learning**

 Finance and Resources

Cabinet Member(s): **Councillor Ian
Grayson**

 **Councillor Ray
Glindon**

Report from Service Area: **Health, Education, Care and Safeguarding**

Responsible Officers: **Jacqui Old, Head of Health, (Tel: (0191) 6437317)**
 Education, Care and Safeguarding

 Mark Longstaff, Head of (Tel: (0191) 6438089)
 Commissioning and Investment

Wards affected: **All Wards**

PART 1

1.1 Executive Summary:

On 13th February 2017, Cabinet granted approval for

- (1) the Head of Health, Education, Care and Safeguarding, in consultation with the Elected Mayor, Cabinet Member for Children, Young People & Learning, Cabinet Member for Finance and Resources, the Head of Finance and the Head of Law and Governance to proceed with the procurement exercise being led by Newcastle City Council on behalf of NE12+ that will establish a regional arrangement for contracts with children’s homes, residential short break providers and non-maintained and independent special schools and colleges. The contract period will be agreed in due course following consultation with legal and procurement representatives from all twelve authorities; and
- (2) the Head of Health, Education, Care and Safeguarding, in consultation with the Strategic Manager Finance (now Head of Finance), the Head of Law and Governance and Cabinet Member for Finance and Resources to enter into the NE12+ framework agreement following the procurement and subsequent call off contracts under the arrangement.

Since this time the Authority has participated in the NE12 collaborative procurement exercise. Newcastle City Council has acted as the lead authority for this on behalf of

the North East Procurement Organisation (NEPO) and its Member Authorities and their Clinical Commissioning Groups (CCGs).

This report seeks approval to enter into a Flexible Procurement Agreement as anticipated in recommendation (2) above to appoint a number of providers to deliver placements for children and young people as outlined below:

- Department for Education registered independent special schools and colleges; day placements, weekly boarder placements and 52-week residential placements for children and young people aged 0-25 years;
- Residential children's homes for children and young people aged 0 – 18 years; and
- Ofsted registered residential short break services for children and young people aged 0 – 18 years.

1.2 Recommendation(s):

It is recommended that the Head of Health, Education, Care and Safeguarding, following consultation with the Head of Finance, the Head of Law and Governance and Cabinet Member for Finance and Resources authorise the Authority to enter into the Flexible Procurement Agreement for an initial period of 36 months together with 3 x 12 months options to extend as detailed in section 1.5 of this report and subsequent call off contracts.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 11th December 2017

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the Our North Tyneside Plan.

Our People will:

- Be ready for work and life – with the skills and abilities to achieve their full potential, economic independence and meet the needs of local businesses.
- Be healthy and well – with the information, skills and opportunities to maintain and improve their health, wellbeing and independence.
- Be cared for and safeguarded if they become vulnerable.

This report also relates to the following priorities in the Children and Young People's Plan (2014-2018).

Ready for Work and Life:

- Narrow the gap in educational outcomes.
- Ready for employment.
- Reduce risk taking behaviour.

Safe, Supported and Cared For:

- The most vulnerable children and young people are protected.
- Improved outcomes for looked after children.

- The right support for children and young people with disabilities and additional needs.

1.5 Information:

1.5.1 Background

The Authority has participated in a commissioning and procurement exercise to establish a Flexible Procurement Agreement led by Newcastle City Council on behalf of NEPO, its member authorities and their respective Clinical Commissioning Groups.

The scope of the Flexible Procurement Agreement allows the purchase of placements for children and young people in:

- Department for Education registered independent special schools and colleges; day placements, weekly boarder placements and 52-week residential placements for children and young people aged 0-25 years;
- Residential children's homes for children and young people aged 0 – 18 years; and
- Ofsted registered residential short break services for children and young people aged 0 – 18 years.

The Flexible Procurement Agreement is due to commence on 1 February 2018 for a period of 36 months with a further 3 x 12 month options to extend. The total estimated value of the contract for all member authorities is around £300 million for the full 6 year period. The level of spend for the Authority for the services in scope is outlined in section 2.1.

34 providers were successful in the first round of the procurement exercise and will be appointed to the Flexible Procurement Agreement. Providers will have further opportunities to join the solution and to include additional settings during the contract term.

The outcomes to be achieved by the implementation of this new solution are:

- To ensure good and improving outcomes for children and young people;
- To ensure relationships with all providers are good and improving; open and transparent;
- To increase financial efficiencies and value for money in all placements;
- To achieve financial transparency in placement costs;
- To achieve fairness of financial contribution from Health, Education and Social Care in those instances where placements are joint funded;
- To ensure a consistency of quality across all providers;
- To encourage and enable growth in the local market in order to provide a range of choice and suitable placements to meet the needs of children and young people; and
- To establish 'harmonised' terms and conditions for providers and purchasers.

1.5.2 The Authority has a statutory duty under the Children and Family Act 2014 and the Special Educational Needs and Disability (SEND) Code of Practice to ensure that

appropriate places are available to meet the educational needs of children and young people with additional needs and disabilities. Under section 19 of the Children and Families Act 2014 the Authority must have regard to the views wishes and feelings of the child or young person and his or her parent / carer in the decision about where they are placed / educated. In addition Section 22G of the Children Act 1989 requires the Authority to take steps that secure, so far as reasonably practicable, sufficient accommodation with the authority's area, which meets the needs of children and young people that the Authority are looking after, and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the Authority's area. This is known as the 'sufficiency duty'.

This contract will enable participating Local Authorities and Clinical Commissioning Groups to meet their responsibilities under these duties by:

- Raising the awareness of the needs of children and young people in the North East, informing and encouraging local market growth;
- Providing choice for children and young people; contributing to the stability of placements and better outcomes; and
- Reducing the risk of challenge that local authorities are not procuring placements in a fair, open and transparent way as required under the new Public Contract Regulations 2015.

1.6 Decision options:

The following decision options are available for consideration by the Head of Health, Education, Care and Safeguarding.

Option 1

The Head of Health, Education, Care and Safeguarding authorises the Authority to enter into the Flexible Procurement Agreement for contracts with children's homes, residential short break providers and non-maintained and independent special schools and colleges in accordance with paragraph 1.2 above.

Option 2

The Head of Health, Education, Care and Safeguarding does not approve that the Authority enters the Flexible Procurement Agreement.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

This regional collaborative arrangement is in keeping with regional priorities leading to more efficient service delivery. The Authority will benefit from a standardised and transparent pricing structure, consistency of quality across all providers and a more developed local market which can provide a range of placements to meet the needs of children and young people.

If the recommendation is not approved, the need to purchase external placements will continue and the Authority will need to undertake a separate procurement exercise without the benefits of collaborating with the rest of the region. There would be a

significant additional cost in terms of officer time for procurement of a contract for the Authority alone, contract management and provider engagement as well as the risk that providers may focus their business development on meeting the needs of the NE12 member authorities and costs savings may be lost.

1.8 Appendices:

Appendix 1: Capped Rates for Placement Costs.

1.9 Contact officers:

Jacqui Old, Head of Health, Education, Care and Safeguarding, tel. (0191) 643 7317

Mark Longstaff, Head of Commissioning and Investment, tel. (0191) 643 8089

Rebecca Bacon, Commissioning Manager, Commissioning and Investment, tel. (0191) 643 8696

Mark Taylor, Strategic Commissioning Manager, Commissioning and Investment, tel. (0191) 643 8755

Alison Campbell, Senior Business Partner, Finance, tel (0191) 643 7038

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

(1) North Tyneside Council Report to Cabinet, 13 February 2017 ([Link to Report](#))

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The level of spend for the Authority on the services covered by this report is as follows. It should be noted that these figures relate to all external placements. The specific placements transferring to the Flexible Procurement Agreement and the costs of these will be known after February 2018 following identification of their individual packages.

The total annual spend on external placements over the last four full years was as follows:

	2013/14 (£)	2014/15 (£)	2015/16 (£)	2016/17 (£)
Children's Homes	1,861,896	2,401,949	3,445,719	3,807,907
Special Schools and Colleges	1,064,443	508,891	607,992	566,340
Short Breaks	75,001	75,616	58,349	97,560

The number of external placements funded over the last four years was as follows:

	2013/14	2014/15	2015/16	2016/17 (£)
Children's Homes	21	27	40	49
Special Schools and Colleges	25	25	25	24
Short Breaks	-	-	14	18

There is significant budget pressure in relation to external placements in 2017/18. The proposed agreement is not expected to lead to increased budget pressures.

The expectation is that the level of demand for placements in children's homes which represents the largest area of spend will reduce as a result of the Creating a Brighter Future Programme. It is anticipated that there will be ongoing demand for external placements for children and young people who cannot live safely at home and require specialist placements that cannot be provided by the Authority and this solution will allow the Authority to purchase placements at standardised rates.

Attached as an Appendix to this report is the capped pricing for the core price for each of the lots and bandings contained within this Flexible Procurement Agreement. There is also a menu of additional services that can be purchased by placing authorities to create bespoke packages to meet the needs of individual children and young people. The additional service menu also has capped hourly rates contained within this contract which means providers must come in on price below or on the capped rates. Work has taken place with the provider market to strip back the core pricing to ensure it is as lean as possible and a 12 week formal consultation period was allowed to ensure the rates were financially viable for the placing authorities and CCG's, but also sustainable for the providers.

2.2 Legal

The Authority's Contract Standing Orders allow joint procurements to be undertaken. As the value of the contract as a whole exceeds the threshold of £500,000, this procurement required Cabinet approval which was granted on 13th February 2017. The decision to enter into the Flexible Procurement Agreement was delegated by Cabinet to the Head of Health, Education, Care and Safeguarding. The procurement process was undertaken in accordance with the EU and UK public procurement requirements and the procurement policy of Newcastle City Council as the lead authority. Awards will be based on the most economically advantageous tender(s) and the successful tenderer(s) will be appointed on terms and conditions approved by the Head of Law and Governance.

An NE12 Officers Group exists in order to address any governance issues which may arise regarding the solution and providers. In addition Newcastle City Council will take any enforcement action necessary against any defaulting provider.

Newcastle City Council as Lead Authority will award the contract. The Authority would award call-off contracts under the Flexible Procurement Agreement and can terminate any call off contract in accordance with the individual contract terms without terminating the overarching contract therefore protecting the Authority's position. Call off contracts will be awarded following either a mini-tender or a direct award as necessary / appropriate and in accordance with the terms of the flexible solution.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Internal consultation has taken place with:

- operational managers including the Senior Manager for Looked After Children, Sycamore House Children's Home Manager and the Disability and Additional Needs Service Manager;
- commissioning, procurement, finance and legal representatives; and
- North East Regional Directors Group.

2.3.2 External Consultation/Engagement

Consultation with children and young people along with parents/carers has taken place and a parent/carer representative regularly attends the NE12+ officer's group meetings and was involved in the design of the consultation questionnaire.

Engagement with Provider markets has taken place as follows:

- July, August, September and November 2016 – engagement with independent children's residential home providers
- September, October and November 2016 – engagement with residential short break providers
- November and December 2016 – engagement with non-maintained and independent special schools and colleges
- January 2017 – engagement with the full market and a period of consultation on the final proposed commissioning model for NE12+ Phase 2.

Newcastle City Council, as Lead Authority, has consulted with Ofsted and the Independent Children's Home Association (ICHA).

2.4 Human rights

There are no human rights implications arising from this report.

2.5 Equalities and diversity

There are no direct equality and diversity implications arising from this report.

2.6 Risk management

Any risk management issues will be included with the Authority's risk register and managed by this process.

2.7 Crime and disorder

There are no crime and disorder issues arising from this report.

2.8 Environment and sustainability

There are no environment and sustainability issues arising from this report.

PART 3 - SIGN OFF

- | | |
|---------------------------|--|
| • Deputy Chief Executive | <input checked="checked" type="checkbox"/> |
| • Head(s) of Service | <input checked="checked" type="checkbox"/> |
| • Mayor/Cabinet Member(s) | <input checked="checked" type="checkbox"/> |
| • Chief Finance Officer | <input checked="checked" type="checkbox"/> |

• Monitoring Officer ☐

• Head of Corporate Strategy ☐

Appendix 1

Below are the capped rates for the core placement costs across pre-16 and post-16 special schools, residential homes and residential short breaks, together with the hourly capped rates for the additional service menu.

Providers had to agree to come onto the solution either at or below these capped rates and if not, then their bid was classed as a non-compliant bid.

Pre-16 Schools (52-week Residential, Termly/Weekly Boarder, Day Placements)

Pre-16 capped Price for Core Costs	Pre-16 Core Costs	Pre-16 Tenderers capped Price £
Lot 1 – Autistic Spectrum Disorder (ASD – mild to moderate)		
Band 1 – Day placement	£27,455	
Band 2 – Weekly Boarder (38 weeks)	£88,683	
Band 3 – Termly Boarder (38 weeks)	£113,174	
Band 4 – 52 Week Residential	£149,964	
Lot 2 – ASD with social, emotional and mental health (SEMH) issues		
Band 1 – Day placement	£30,013	
Band 2 – Weekly Boarder (38 weeks)	£96,717	
Band 3 – Termly Boarder (38 weeks)	£121,208	
Band 4 – 52 Week Residential	£157,998	
Lot 3 – ASD with complex learning difficulties or severe learning difficulties		
Band 1 – Day placement	£38,089	
Band 2 – Weekly Boarder (38 weeks)	£99,707	
Band 3 – Termly Boarder (38 weeks)	£124,198	
Band 4 – 52 Week Residential	£161,988	
Lot 4 – Social, Emotional and Mental Health (SEMH) issues		
Band 1 – Day placement	£27,455	
Band 2 – Weekly Boarder (38 weeks)	£88,683	
Band 3 – Termly Boarder (38 weeks)	£113,174	
Band 4 – 52 Week Residential	£149,964	
Lot 5 – Profound and multiple learning difficulties / severe learning difficulties		
Band 1 – Day placement	£38,089	
Band 2 – Weekly Boarder (38 weeks)	£99,707	
Band 3 – Termly Boarder (38 weeks)	£124,198	
Band 4 – 52 Week Residential	£161,988	
Lot 6 – Physical Disability or medical disability		
Band 1 – Day placement	£27,455	
Band 2 – Weekly Boarder (38 weeks)	£88,683	
Band 3 – Termly Boarder (38 weeks)	£113,174	
Band 4 – 52 Week Residential	£149,964	
Lot 7 – Significant sensory disability and communication needs (speech and language, hearing impairment / visual impairment / multi-sensory impairment)		
Band 1 – Day placement	£25,628	
Band 2 – Weekly Boarder (38 weeks)	£86,856	
Band 3 – Termly Boarder (38 weeks)	£111,347	
Band 4 – 52 Week Residential	£148,137	

Lot 8 – Specific learning difficulties (SpLD)		
Band 1 – Day placement	£22,504	
Band 2 – Weekly Boarder (38 weeks)	£83,732	
Band 3 – Termly Boarder (38 weeks)	£108,223	
Band 4 – 52 Week Residential	£143,863	
Lot 9 – Moderate Learning Difficulties (MLD) associated challenging behaviour		
Band 1 – Day placement	£24,332	
Band 2 – Weekly Boarder (38 weeks)	£85,560	
Band 3 – Termly Boarder (38 weeks)	£110,051	
Band 4 – 52 Week Residential	£145,690	

Post-16 Schools (52-week Residential, Termly/Weekly Boarder, Day Placements)

	Additional Services	Cap fee (hourly rate)
1	Care Support Staff / Residential Care Officer (RCO) / Extracurricular Activity Staff / Personal Care / Travel Escorts	£15
2.	Counselling services	Included in Core Cost where Counsellor is employed by the Provider, or £40 per hour if the Counsellor is independent
3	Health Care Assistant (HCA) / Clinical Support Worker*	£20
4	Interpreters – British Sign Language (BSL) (2 – 3 hours minimum at £33 per hour including travel)	£99
5	Job Coaches	£20
6	Learning Support Assistant (LSA)	£15
7	Mobility assistance (visual impairment)	One-off fee to be agreed
8	Mobility (habilitation) assessment	
9	Nursing Assistant*	£18
10	Nursing Care	£24
11	Occupational Therapy	£55
12	Occupational Therapy – assessment	One-off fee to be agreed
13	Occupational Therapy – Handwriting Assessments	£200 one-off fee
14	Occupational Therapy – Sensory Profile	£500 one-off fee
15	Passports	Government published rates
16	Post-16 Tutor	£35
17	Physiotherapy	£55
18	Psychologist assessment	One-off fee to be agreed
19	Psychological Therapy*	£66
20	School nursing provision	£24
21	Speech and Language assessment	One-off fee to be agreed
22	Speech and Language Therapy	£55
23	Sleep-in RCO	£76 per night

	Additional Services	Cap fee (hourly rate)
24	Specialist, Qualified Teacher (SQT)	£40
25	Training costs for Child/Young Person specific needs	£50
26	Travel	Inland Revenue recommended rates
27	Waking night RCO	£15

* **Psychological Therapy** are forms of treatment which involve talking to a trained Therapist in order to help overcome difficulties, this could be through Taking Therapies, Child and Adolescent Mental Health Services (CAMHS) support or Adult Mental Health Services or through the Education Psychological Service.

* **Health Care Assistants (HCA)** help with the day-to-day care of patients, either in hospitals or in patients' own homes, in community or residential settings. A HCA would work under the supervision of nursing staff. They are also known as Support Workers, Nursing Assistants and Nursing Auxiliaries. Their main roles include helping with washing, dressing, eating, changing beds, reducing pressure sores, talking, mobility, toileting, cleaning, managing equipment, recording temperatures, pulse and breathing.

* **Nursing Assistants** are Certified Nursing Assistants with responsibilities that include helping patients by supporting personal hygiene and daily living needs, providing comfort, transportation and vital sign monitoring.

Please note that the capped hourly rates displayed above will also be used as the additional service menu for both Pre and Post-16 education packages to allow them to created bespoke packages in line with the needs of the Children and Young People's Education, Health and Care Plans.

Residential Children's Homes for Children and Young People (With and without education)

	Capped weekly fee	Tenderer's Price £	Capped weekly fee with education enhancement of £521 (over 52-weeks)
Lots 19 and 21 - Children's Homes			
Band 1 – One-bed home	£5,532		£6,053
Band 2 – Two-bed home	£3,216		£3,737
Band 3 – Three-bed homes and larger	£2,691		£3,212
Lot 20 - Specialist Assessment / Intervention Homes			
Band 1 – All homes	£5,532		£6,053

Education element for those Residential Homes that offer an education element, a capped rate of £521 per week for 52 weeks, will be added to the weekly fee if the education element is purchased by the Placing Authority.

Residential Short Breaks for Children and Young People

	Capped fee
Lot 22 – Ofsted Registered Residential Short Break Services	
Band 1 – 1 staff:2 Children/Young People	£281 (24 Hours)
	£70 (day rate 9am – 3pm)
	£211 (night rate 3pm – 9am)
	£12 (hourly rate)
Band 2 – 1 staff:1 Child/Young Person	£402 (24 hours)
	£100 (day rate 9am – 3pm)
	£301 (night rate 3pm – 9am)
	£17 (hourly rate)

Where a Child/Young Person is in education while attending a Short Break, the Placing Authority will purchase up to an additional two hours of RCO time, per Child/Young Person, per day from the Provider during education time to allow for staff time to carry out such tasks as attend meetings, recording/planning and carrying out preparatory visits when Children/Young People are not present in the Short Break Unit.

No enhancements will apply for holidays or weekends. No enhancements will apply for waking night staff within the Minimum Core Service Offer.

Below is the Additional Service Menu for Residential Children’s Homes Packages and Residential Short Break Offers

	Additional Services	Cap fee (hourly rate)
1	Care Support Staff / Residential Care Officer (RCO) / Extracurricular Activity Staff / Personal Care / Travel Escorts	£15
2.	Counselling services	Included in Core Cost where Counsellor is employed by the Provider, or £40 per hour if the Counsellor is independent
3	Health Care Assistant (HCA) / Clinical Support Worker*	£20
4	Interpreters – British Sign Language (BSL) (2 – 3 hours minimum at £33 per hour including travel)	£99
5	Job Coaches	£20
6	Learning Support Assistant (LSA)	£15
7	Mobility assistance (visual impairment)	One-off fee to be agreed
8	Mobility (habilitation) assessment	

	Additional Services	Cap fee (hourly rate)
9	Nursing Assistant*	£18
10	Nursing Care	£24
11	Occupational Therapy	£55
12	Occupational Therapy – assessment	One-off fee to be agreed
13	Occupational Therapy – Handwriting Assessments	£200 one-off fee
14	Occupational Therapy – Sensory Profile	£500 one-off fee
15	Passports	Government published rates
16	Post-16 Tutor	£35
17	Physiotherapy	£55
18	Psychologist assessment	One-off fee to be agreed
19	Psychological Therapy*	£66
20	School nursing provision	£24
21	Speech and Language assessment	One-off fee to be agreed
22	Speech and Language Therapy	£55
23	Sleep-in RCO	£76 per night
24	Specialist, Qualified Teacher (SQT)	£40
25	Training costs for Child/Young Person specific needs	£50
26	Travel	Inland Revenue recommended rates
27	Waking night RCO	£15

Flexible Procurement Agreement (the Contract) Pricing

Fees are inclusive of all Services to be delivered, as detailed in the Minimum Core Service Offer, Additional Services and any Contingency arrangements.

How the ‘total’ placement Fee will be calculated

In order to ensure that each placement made through the Flexible Procurement Agreement (the Contract) is appropriate to the individual needs of Children and Young People, the total placements Fee will be made up of up to three elements:

A) Core Cost

This is the price inclusive of Education funding elements 1, 2 and 3 (where appropriate for Lots 1 – 18). Providers’ Core Cost must be within their capped rates as provided at the point of tender in the ITT Schedule 3 Form of Tender including Pricing Schedule for the relevant Lot/Band and must cover the delivery of all elements of the Minimum Core Service Offer relevant to that Lot.

B) Additional Services

Additional payments that the Placing Authority may determine are necessary to meet the needs of a Child/Young Person who has greater needs than can be met by the delivery of the Minimum Core Service Offer.

C) Contingency Arrangements

An additional payment that the Placing Authority may agree that the Provider can put in place immediately without further reference to the Placing Authority where this is required to support the Placement and meet the immediate needs of the Child/Young Person.

- Any Additional Services or Contingency Arrangement payments will be determined in response to assessed needs detailed in a Child/Young Person's Plan(s).
- The level of any Additional Services and Contingency Arrangements will be reviewed during the life of a Placement and can be increased or decreased according to the individual needs of Children/Young People.

Price Reviews

Pricing reviews built into this Flexible Procurement Agreement (the Contract) is as follows:

- uplift on all prices to be considered against Retail Price Index (RPI) in years two, four and six,
- if RPI is greater than 4% in any one year, for consideration to be given regarding whether additional uplifts are required, and
- annual uplifts to be made in respect of direct staffing costs only.