

To: EXECUTIVE MEMBER FOR CHILDREN, YOUNG PEOPLE AND LEARNING
DATE: 19 JANUARY 2018

**CROSS REGIONAL RESIDENTIAL PROJECT:
CONTRACT EXTENSION
Director of Children Young People and Learning**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to agree an extension to 31 August 2019 for the Cross Regional contract for the Provision of Residential and Education Services for Children and Young People with Complex Needs that is hosted by Oxford County Council, and which is partnered with Bracknell Forest, Buckinghamshire, Hertfordshire, Milton Keynes and Reading.

2 RECOMMENDATIONS

- 2.1 **To AGREE an extension to the Cross Regional Residential Childcare contract to 31 August 2019.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure existing arrangements remain in place while the current re-tendering exercise continues to a conclusion, ensuring on-going access to a low cost, local residential placement.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Spot purchasing arrangements for residential childcare could be used but these are not expected to provide better price or quality than the bed within the project. Analysis shows that the average cost of an equivalent residential placement would be £4,294 per week which is £1,299 higher than the current framework's cost for one bed.

5 SUPPORTING INFORMATION

Background

- 5.1 Local Authorities (LAs) have a statutory duty to provide suitable care arrangements for all Looked After Children (LAC) aged between 0-18 years. Residential care arrangements are required by all LAs to support locating children and young people with the most complex need. This can be either through in-house provision or with external providers.
- 5.2 The current contract was implemented in April 2011 and was procured by Buckinghamshire County Council for 6 LAs through which BFC has exclusive access to one bed at a cost of £2,995 per week which compares with an average equivalent

placement directly purchased from the market of £4,294 which represents an average annual saving of £67,548.

- 5.3 In accordance with the original contract, the provisions have been extended twice – for an extra 2 years to 31 December 2017 and a final 1 year extension to 31 December 2018. There are no remaining provisions in the contract for any further extensions. Re-procurement is currently underway and is being undertaken by Oxfordshire County Council on behalf of the partners with the Executive Member for Children, Young People and Learning approving the relevant BFC procurement plan in July 2017.

Requirement for a further contract extension

- 5.4 As set out above, all extension provisions in the current contract have been used. However, this is a complex procurement due to the number of local authorities involved, each with their own decision making processes and the lead in time required for mobilisation of the required service should a new provider be awarded the contract. This has resulted in the need to seek an additional extension outside the current contract provision. In these circumstances, contract standing orders require for an extension to be approved by the Executive Member on a written report, with advice from the Borough Solicitor and Borough Treasurer. This report seeks agreement to an extension from 1 January 2019 to 31 August 2019.

Next Steps

- 5.5 Assuming agreement to the extension, an invitation to tender for these services will be issued in January 2018. Extending the current contract until 1 August 2019 will:
- Provide a 12-month implementation phase to allow the successful bidder sufficient time to source and lease/buy suitable homes. This was requested by the market during soft market testing and through the provider event.
 - Increase the likelihood of receiving competitively priced tenders
 - Reduce the likelihood of a challenge from partner authorities for a failed tender
 - Reduce challenge from the market that the tender favours the incumbent
 - Ensure there is no disruption to children's education (the current contract ends on 31 December 2018, so any new provider would need to open the new school and transfer children in the middle of a school year).

Requested price change

- 5.6 The current provider has agreed to an extension but has requested a 5% uplift from 1 January 2019 which would be an additional £149.75 per week, meaning a new weekly price of £3,144.75. The total cost over the 35 period would be £110,000, which is expected to be around £40,000 cheaper than a comparable alternative placement. The increase is considered reasonable as the weekly rate has remained fixed for the 8 year duration of the current contract when costs have increased significantly, especially around pay and prices, including the impact of the Living Wage and legislation around staff payments for sleep-ins and the regulatory framework relating to residential care providers.

Conclusions

- 5.7 Agreeing the extension will ensure existing arrangements remain in place while the current re-tendering exercise continues to a conclusion, ensuring on-going access to a low cost, local residential placement.

6 STATUTORY OFFICERS

Borough Solicitor

- 6.1 The intention is to comply with EU Procurement Rules and the Council's Procurement rules in order to attract a new Provider as soon as possible. An extension of 9 months which does not materially change the contract and with a price increase limited to 5% it is reasonable that the Council would agree this extension in order to achieve a smooth transition of this essential service. It is in the public interest to ensure a service is maintained throughout the procurement process.

Borough Treasurer

- 6.2 The anticipated financial implications are set out in the supporting information and indicate a potential £40,000 saving compared to seeking alternative arrangements.

Head of Procurement

- 6.3 This allows us to proceed on a commercially sensible route and continue to deliver the service. Support the Borough Solicitor comments.

Equalities Impact Assessment

- 6.4 An equalities impact assessment is unlikely to highlight any equality issues as the service supports vulnerable children.

Strategic Risk Management Issues

- 6.5 The risk of having the provision empty will result in the authority having to pay for a service it is unable to use, however this risk can be mitigated with the fact that partner authorities can sell beds between each other along with the fact that our demand for residential placements is not likely to reduce therefore we will always require residential placements.

7 CONSULTATION

Principal Groups Consulted

- 7.1 CYPL Departmental Management Team.

Method of Consultation

- 7.2 Review of the draft report.

Representations Received

- 7.3 Included in the body of the report

Contact for further information

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Doc. Ref K:\Pine\Executive\Executive Member\Exec Member 18.01\Cross Regional Residential Contract Extension -
Exec Member Jan 2018.docx

Approved by Cllr Dr Gareth Barnard
Executive Member, Children, Young People
& Learning

Approved by Nikki Edwards
Director, Children, Young People
& Learning

Signature.....

Signature.....

Date: 19 January 2018

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