

For General Release

REPORT TO:	Cabinet Member for Children, Young People and Learning
AGENDA ITEM:	Background paper to Investing in our Borough report to Cabinet 18 October 2017
SUBJECT:	Contract Award Supervised Contact for Children in Care and their Families
LEAD OFFICER:	Richard Simpson, Executive Director for Resources
CABINET MEMBER:	Cllr Flemming: Children, Young People and Learning and Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT Relevant Corporate objectives <i>Independence</i> <ul style="list-style-type: none"><i>To help families be healthy and resilient and able to maximise their life chances and independence</i>	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS: The recommendation to award the contract supports the achievement of the administration's ambition to enable children and families to be healthy and resilient and maximise their life chances.	
FINANCIAL IMPACT: A contract will be awarded for Supervised Contact to the provider for a term of two (2) years with the option to extend for a further 12 months (maximum term of three (3) years), at a total maximum contract value £960,000. The contract will contribute to improved outcomes for children young people and their families. The contract will commence on 1 st February 2018. The contract is better value for money because: <ul style="list-style-type: none">The service overspent by £145,684 in 2016-17 and is projected to overspend by £120,000 in 2017 -18The contract will bring spending back into line with the current budget with no further overspending projected from April 2018 onwards	

- The recommended tenderer is signing up to the Premier Supplier Programme offering a 2% rebate
- The recommended tenderer has submitted prices that are 9% cheaper than the tenderer ranked second on price
- The overall quality of and consistency of service will improve

KEY DECISION REFERENCE NO.: N/A

The Leader of the Council has delegated to the nominated Cabinet Member the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

- 1.1 The Cabinet Member for Children, Young People and Learning in consultation with the Cabinet Member for Finance and Treasury is recommended to approve the award of contract to the Contractor identified in Part B of this report, (based on Price Matrix 1, that the contractor provides and runs the Contact Centre venue) for Supervised Contact for Children in Care and their Families for a term of two (2) years with the option to extend for a further 12 months (maximum of three (3) years) at a maximum total contract value of £960,000, as detailed in the associated Part B report.
- 1.2 The Cabinet Member for Children, Young People and Learning is asked to note that the name of the successful provider will be released once the contract award is agreed and implemented.

2. EXECUTIVE SUMMARY

- 2.1 The purpose of this report is to advise members of Contracts and Commissioning Board and the Cabinet Member for Children, Young People and Learning in consultation with the Cabinet Member for Finance and Treasury of the procurement process for the Supervised Contact tender, the evaluation undertaken to select the Most Economically Advantageous Tender and recommends the award of the contract.
- 2.2 Maintaining contact with their birth family is really important to children who are in care and to their families. The level of contact is ordered by the Family Court. This contract will deliver high quality supervised contact at reduced cost compared with current expenditure. It will also make a significant positive impact on the outcomes of looked after children and their families.
- 2.3. The recommendation above is that the contract is awarded on the basis of Price Matrix 1 i.e. that the contractor provides and runs the contact centre venue as well as the day to day service. The Council is not in a position to provide and run a contact centre building at a cheaper rate (Price Matrix 2).

- 2.4. The contract will commence on 1st February 2018, which will allow almost 3 months for mobilisation.
- 2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1274/17-18	05/10/2017

3. DETAIL

- 3.1 The procurement strategy, to undertake a competitive tender to select a provider to deliver, was agreed by CCB on 13th June 2017 (reference CCB1241/17-18).
- 3.2 The contract term will be for an initial term of two (2) years commencing on 1st February 2018 with the possibility to extend for a further period/periods of up to 12 months, three [3] years in total, based on available budget, performance and need. The total contract value including the full 12 month extension period is a maximum of £960,000.
- 3.3. There will be almost 3 months for mobilisation.
- 3.4 The tender was advertised on The London Tenders Portal on 15th June 2017 and closed on 19th July 2017. A single-stage open tender procedure was followed in accordance with the Public Contract Regulations 2015 (PCR 2015).
- 3.5 A total of six (6) tender applications were received in response to the advertisement.

Initial compliance checks

- 3.6 Tenderers were required to meet a series of compliance checks before quality and cost evaluation could be undertaken. All six (6) tenderers met these compliance requirements.

Professional and technical experience

- 3.7 All tenderers have relevant experience.
- 3.8 All tenders proceeded to the technical and professional ability - quality evaluation stage.
- 3.9 The evaluation criteria were published in the Invitation to Tender (ITT). Quality criteria were weighted at 40%.
- 3.10 The quality criteria and weightings were as follows:

Question number	Quality criteria	Maximum score points	Weighting %
1	Workforce quality	5	12
2	Service delivery	5	9

3	Meeting workforce demands	5	7
4	Contract and Performance Management	5	5
5	Confidentiality	5	3
	Social Value	5	2
	Premier Supplier Programme	5	2
Total		35	40

- 3.11. The tender evaluation panel was made up of:
- Service Delivery Manager - Care Planning Service 2
 - A Commissioning and Contracts Manager
 - Children Service's Business Support Team Manager
- 3.12 Each person individually scored the responses to the quality method statement questions. The score for each response were graded 0-5, 5 being an “excellent” score.
- 3.13 Tenderers were required to give a fair answer, i.e. a minimum score of 2 or more, for each response.
- 3.14 In addition, any submission that failed to reach the overall quality threshold of 17 marks prior to application of any weighting, which was deemed an overall ‘acceptable’ score, would be rejected and would not be considered further.
- 3.15 The evaluation panel met with the Category Manager and a Senior Procurement Officer to moderate and agree scores and identify any questions for clarification with the tenderers.
- 3.16 Three (3) tenderers achieved the quality threshold and proceeded to financial evaluation.
- 3.17 Three (3) tenderers failed to reach the quality threshold score of 17 points and were eliminated at this stage and their price submissions were not evaluated.
- 3.18 Clarification was sought from two of the tenderers who reached the quality threshold on
- the supplier relationship between main and sub-contractor for one bid
 - the costing methodology on the prices submitted for transport with and without escort for two bids (see evaluation of price in paragraph 3.24 for more detail).

Site Visits

- 3.19. Site visits to review policies and procedures were undertaken to the three tenderer that passed the quality evaluation. No major issues of concern were identified. Minor issues will be addressed during mobilisation.

Financial evaluation cost/volume

3.20 The three (3) tenders achieving the quality threshold were assessed on their prices.

3.21. The total weighting for prices was 60%.

3.22. Tenderers were asked to bid on the following basis:

- To submit costs for five (5) price components each with a different weighting, as shown in the following tables:
- Tenderers were asked to complete two price matrices, one including the primary contact venue(s) and one excluding the primary contact venue(s). The reason for this was to test if it would be better value for money if the Council provided and ran a building from which the service would be delivered, or alternatively if better prices would be obtained if the Contractor provided and ran the building.

Price Matrix 1

Service	Price exclusive of VAT	£ of	Weighting %
8,000 inclusive contact hours* per annum including provision of a primary contact centre venue			35
Unit cost for an additional inclusive contact hour* for any hours commissioned over and above 8,000 hours per annum			12
Unit cost per hour of Transport with escort			5
Unit cost per hour of Transport without escort			5
Cost of additional contact supervisor per inclusive contact hour			3
Total weighting			60

***An Inclusive Contact Hour covers the following activities: preparation time, face to face contact time, venue costs, report writing and submission of the report(s)**

Mileage rates will be paid at HMRC Approved Mileage Allowance Payment rate currently 45p as at May 2017

Price Matrix 2

Service	Price exclusive of VAT	£ of	Weighting %
8,000 inclusive contact hours* per annum excluding			35

provision of a primary contact centre venue		
Unit cost for an additional inclusive contact hour* for any hours commissioned over and above 8,000 hours per annum		12
Unit cost per hour of Transport with escort		5
Unit cost per hour of Transport without escort		5
Cost of additional contact supervisor per inclusive contact hour		3
Total weighting		60

***An Inclusive Contact Hour covers the following activities: preparation time, face to face contact time, community venue costs, report writing and submission of the report(s)**

Mileage rates will be paid at HMRC Approved Mileage Allowance Payment rate currently 45p as at May 2017

- 3.23. The same methodology was used to score each matrix. Scores for each price element were allocated according to the formula $\{(lowest\ price/price\ being\ evaluated) \times 100\} \times (the\ weighting\ for\ each\ price\ component) = price\ score\ for\ that\ component$. The scores were then combined to give an overall price score.
- 3.24. Clarification was sought on the costing methodology on the prices submitted for transport with and without escort, because two tenderers had submitted what appeared to be abnormally low prices. One tenderer satisfactorily justified the low cost due to volunteer drivers being used and cost being based on expenses only for the volunteers. The other bidder indicated that they had made an error in their bid and they requested that unit cost for an hour of transport with escort be changed from £12 to £24. This change was accepted by the evaluation panel on the basis that this was comparable with the other bidders price submissions for the same component i.e. £17.10 and £22.35 respectively. The scores were adjusted accordingly.
- 3.25. It is recommended that the contract be awarded on the basis of Price Matrix 1. The alternative option to award the contract on the basis of the Council running the contact venue (Price matrix 2) is not viable for the following reasons:
- officers have struggled to find an appropriate Council building to convert
 - the prices submitted show that the difference between matrix 1 and 2 is a net saving of £12,000. This would not be sufficient revenue to run a contact centre building. The Estates Departments minimum estimate was that the cost to the Council would be in the region of £13,500 and this does not include refurbishment costs

Economic and financial standing

- 3.26. An Economic and Financial Standing check was undertaken for the tenderers that were evaluated on price.

3.27. Two of the three met have a financial health score of less than 25 i.e. the caution level. One which is the recommended tenderer has a financial health score of 97 i.e. good financial health. See also Part B report.

Final score

3.29. The final percentage score for each tenderer was calculated by adding the quality and price percentage scores. The highest combined score determined the recommended tenderer.

3.30. The outcome of the scoring is detailed in the associated Part B report.

4. CONSULTATION

4.1 Stakeholders were consulted on the development of the service specification prior to tendering.

4.2. To help scope the procurement a market engagement event was held on 28th April 2017 prior to the tender going live.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 The costs associated with this contract will be funded from the Council's Budget and are as follows:

1 Revenue and Capital consequences of report recommendations

	2017/18 £'000	2018/19 £'000	2019/20 £000s
Revenue Budget available			
Expenditure	320	320	320
Income			
Effect of decision from report			
Expenditure new contract	54	320	320
Existing contracts	270		
Contract extension to 31.1.18	116		
Income			
Remaining budget	(Minus) 120	0	0

2 The effect of the decision

A contract will be awarded for Supervised Contact to the provider for a term of two (2) years with the option to extend for a further 12 months (maximum term of three (3) years), at a total maximum contract value £960,000. The contract will contribute to improved outcomes for children young people and their families. Commencement date will be 1st February 2018.

The contract is better value for money because:

- The service overspent by £145,684 in 2016-17 and is projected to overspend by £120,000 in 2017 -18
- The contract will bring spending back into line with the current budget with no further overspending projected from April 2018 onwards
- The recommended tenderer is signing up to the Premier Supplier Programme offering a 2% rebate
- The recommended tenderer has submitted prices that are 9% cheaper than the tenderer ranked second on price.
- The overall quality and consistency of service will improve

There are no costs in switching provider. The Recommended Tenderer has demonstrated that they have considered how they will take this into account at no additional cost to the council.

3 Risks

There is a low risk that the contracted services do not contribute to the outcomes for the Borough. However, this will be mitigated by robust performance and contract management, which will be put in place.

There is a risk of the provider taking a long time to mobilise and provide the services required. This will be mitigated through active engagement and management during the mobilisation period which is almost 3 months. This will allow for any transfer of families with on-going contact needs.

TUPE may apply to some staff from the current Framework agreement providers. The recommended tenderer has demonstrated that they have considered how they will take this into account. Further assurances will be sought during mobilisation that this has been addressed. Further advice will be sought from HR during mobilisation.

4 Options

Further extend the current Framework Agreement: Should this decision be taken, the Council would continue to use the Framework Agreement until end of October 2018. This is no longer value for money, nor delivering the quality or consistency of service required.

Award the contract: The recommendation is let the contract to the provider listed in the associated Part B report on the basis of Price Matrix 1.

5 Future savings/efficiencies

The contract is better value for money because:

- The contract will bring spending back into line with the current budget with no further overspending projected from April 2018 onwards
- The recommended tenderer is signing up to the Premier Supplier Programme offering a 2% rebate
- The recommended tenderer has submitted prices that are 9% cheaper than the tenderer ranked second on price.
- The overall quality of service will improve

Approved by: Josephine Lyseight Head of Finance (People) 23 August 2017

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that the proposal set out in this report is in accordance with the Council's Tenders and Contracts Regulations and seeks to support the Council's duty to achieve Best Value pursuant to the Local Government Act 1999.

Approved by Scott Couzens for and on behalf of Jacqueline Harris-Baker Director of Law and Monitoring Officer.

7. HUMAN RESOURCES IMPACT

- 7.1 The recommendations from this report may involve service provision changes which may invoke the effects of the Transfer of Undertakings (Protection of Employment) 2006 Legislation (amended 2014). Where the activities of the new service are "fundamentally not the same", TUPE may not apply, as provided for by the 2014 amendments to the Transfer of Undertakings (Protection of Employment) 2006 Legislation.
- 7.2 Where the Council is not the employer the application of TUPE, or otherwise, would be determined between the service providers. The recommended tenderer has demonstrated that they have considered how they will take this into account. Further assurances will be sought during mobilisation that this has been addressed.

Approved by: Deborah Calliste – People department lead, on behalf of the Director of Human Resources)

8. EQUALITIES IMPACT

- 8.1 An equalities impact assessment has been undertaken. This contract expects the provider to particularly address the needs of children and young people from Black, Asian and Minority Ethnic groups.

9. ENVIRONMENTAL IMPACT

- 9.1 There are no adverse environmental impacts arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no adverse crime and disorder impacts arising from this report.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 Awarding the contract will make a significant impact to the outcomes for children in care and their families. The new contract will be better value for money.

12. OPTIONS CONSIDERED AND REJECTED

12.1. **Further extend the current contracts:** Rejected: The new contract is better value for money.

CONTACT OFFICER:

Name:	Sally Wadsworth
Post title:	Category Manager Early Help and Child Health
Telephone number:	0208 726 6000 X 61173

BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

There are none.

APPENDIX (if appropriate). If listed, these will be printed/published with the Part A report

There are none.