

SURREY COUNTY COUNCIL

CABINET

DATE: 17 JULY 2018



REPORT OF: MRS CLARE CURRAN, CABINET MEMBER FOR CHILDREN

MR TIM OLIVER, CABINET LEAD MEMBER FOR PEOPLE

MRS HELYN CLACK, CABINET LEAD MEMBER FOR CORPORATE SUPPORT

LEAD OFFICER: GARATH SYMONDS, ASSISTANT DIRECTOR, COMMISSIONING AND PREVENTION, CHILDREN, SCHOOLS AND FAMILIES

SUBJECT: REGIONAL FRAMEWORK FOR CHILDREN'S RESIDENTIAL PROVISION (2018 – 2024)

SUMMARY OF ISSUE:

In Surrey, we believe that for most children and young people the best place to live is with their family of origin and where appropriate we will support parents to provide an environment in which their child can grow and thrive. Unfortunately, in some circumstances the safest and most appropriate option is for a child to be taken into care.

As Corporate Parents, Surrey County Council has a responsibility to ensure that we have sufficient placements available to meet the needs of our looked after children. We believe that for the majority of our looked after children, foster care is the most suitable placement option, however we also acknowledge that in some cases, young people require the type of care offered in a children's home. Where the needs of a child cannot be met through in-house provision (foster care or residential children's homes managed by SCC), we purchase/utilise services delivered by external providers.

In order to effectively manage the children's home market, achieve good outcomes for children and be compliant with Public Contract Regulations, Surrey has been an active member of a regional framework which is due to expire on 30 September 2018. In 2017 and early 2018 a total of 18 local authorities, including Surrey and our Orbis partners East Sussex and Brighton & Hove, came together to develop and tender for a revised framework. This new Flexible Framework is due to commence 1 September 2018. The initial contract term is three years, with the option to extend for a further three years (or part thereof). The framework does not commit the council to any given level of expenditure, although there is a contribution to shared management of the framework.

382 children's homes have successfully bid for a place on the new framework (compared with 263 homes on the current framework). The framework will assist Surrey in meeting its Sufficiency Duty, provide certainty regarding the cost of residential placements, secure value for money for local authorities, and outcomes for children will be robustly monitored.

RECOMMENDATIONS:

It is recommended that:

1. Following consideration of the available options, the results of the procurement process, and commercially sensitive information provided in Part 2 of the report, approval is given for the Council to enter into a regional Framework Partnership Agreement for children's residential provision (led by Southampton City Council) for the period 1 September 2018 – 31 August 2024.
2. Delegated authority be given to the Assistant Director(s) of Children's Services to 'call off' this framework in order to place looked after children in external children's homes, where this is deemed to be the most appropriate placement for the child or young person.
3. Delegated authority to be given to Executive Director – Children, Families and Learning, in consultation with the Leader of the Council and Cabinet Member for Children, to add new providers to the framework for Surrey, in consultation with other local authorities, during the life of the framework.

REASONS FOR RECOMMENDATIONS:

The existing regional framework (of which Surrey is a member) will expire on 30 September 2018. If the Council does not participate in a Framework or similar procurement arrangement, it will be only able to spot purchase children's residential provision, or enter into Block Contracts. Due to the level of spend, exclusive spot purchasing would place Council in breach of procurement law. Having only block contract arrangements in place would limit placement choice for children and their needs may not be met.

Additionally, if we do not join the Local Authorities of the Southern Region (LASR) Flexible Framework, more staff would need to be recruited by Surrey to undertake the increase in workload associated with negotiating individual contracts and monitoring the performance of a large number of providers. In the regional collaborative, these tasks will be shared across all the local authorities and coordinated centrally by a small Framework Coordination Team.

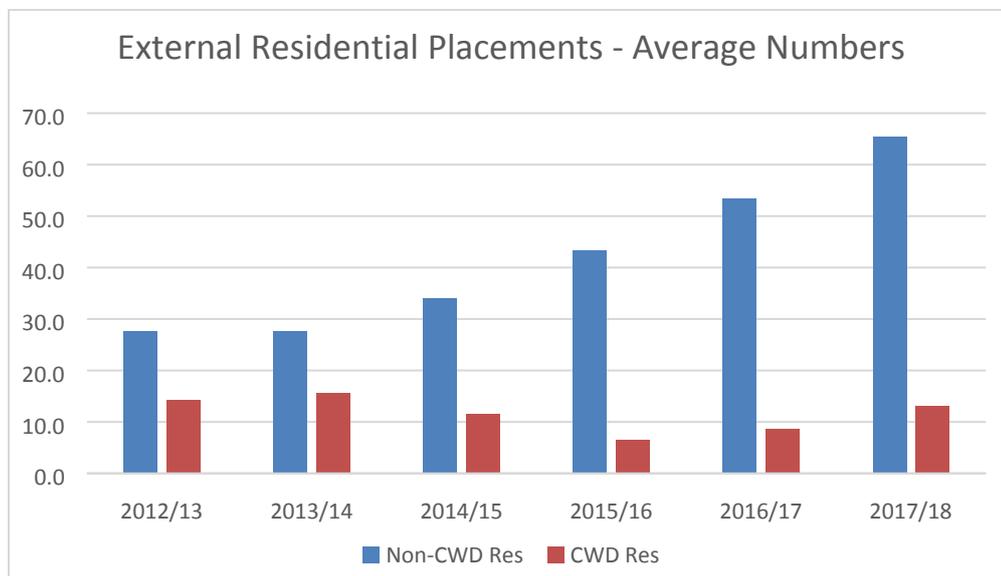
The LASR Flexible Framework will allow Councils across the region to manage the market, control expenditure and ensure value for money over the next six years. Prices will be fixed for the first three years of the framework, and there is the potential for further savings through block contracts and voluntary discounts.

Framework Agreements are technically £0 value contracts as they include no obligation to undertake any set minimum level of expenditure through them. It is, however, envisaged that this contract will act as the Council's primary route to the external children's residential care market going forward. The only financial commitment is a small contribution towards framework coordination and contract management costs (approximately £15k per annum for Surrey).

A similar arrangement for the commissioning of Independent Fostering Agencies has been in place for over 12 months, and the experience of partnership working and having a regional perspective of demand, sufficiency and provider performance has been very positive.

Strategic Context

1. Surrey County Council is committed to improving outcomes for all looked after children, ensuring that the young people we look after grow up with the same opportunities as other young people and that they are equipped to go on to live successful and fulfilling lives. The vision of the Corporate Parenting Board is “*as corporate parents, we want every child to feel safe and confident about their future*”.
2. Surrey County Council seeks to make placements locally and to place in foster care whenever possible. One of the areas of development of the Transformation Programme is seeking to increase local provision and specifically the numbers of foster carers significantly in Surrey to increase local capacity. For some children, however in-house provision cannot meet their needs and provision is purchased through external providers, which is the focus of this paper.
3. As at 31 March 2018, there were 940 looked after children in Surrey. 108 of these were Unaccompanied Asylum Seeking Children (UASC). Numbers of UASC have been steadily declining over the past 12 months, but over the last three years, Surrey has seen a steady growth in the number of non-UASC children becoming looked after, alongside a changing needs profile.
4. With a rise in adolescents with complex needs entering care, the number of young people being placed in residential provision (children’s homes) has also risen. As at 31 March 2018, 35 children and young people were placed in in-house residential provision, and 87 were placed with external providers (13 children with disabilities (CWD) and 74 non-CWD). The following graph shows how the number of children placed in external children’s homes as increased over the past 6 years:



5. The approach to commissioning is driven by the Child First: Commissioning Intentions for Children in Surrey 2017-22, as agreed by Cabinet. Commissioning Intention number 5 is to “Secure placements or accommodation for looked after children and care leavers, including unaccompanied asylum seeking children that are appropriate, local and value for money”.
6. The commissioning intentions in Child First set our direction and are supported by the ‘*Sustainable Future*’ work, which has highlighted actions we can take to develop a more local, cost effective and financially sustainable model for social care and SEND placements. We believe that through a regional approach we can put systems in

place to develop the market, bring children closer to home, and ensure that children's residential provision remains both high quality and affordable.

7. Commissioning children's residential care through a Regional Framework is just one action being put in place as part of our Sufficiency Strategy and a much broader *Placement Strategy Action Plan*. We believe that children and young people are most likely to thrive when living in a healthy family environment, and therefore most looked after children are placed in foster care. Work is being done across the organisation to recruit and retain more foster carers in Surrey, review current in-house residential provision, look at alternatives to residential care, enhance placement stability and permanency for our children, and support family reunification/return to home wherever it is appropriate to do so.
8. At the heart of Child First, is an intention to focus on prevention and early help – including the further development of our Edge of Care service to try and reduce the number of children and young people needing to enter care in the first place.
9. The Council Transformation Programmes set out by the Leader alongside the draft vision for 2030 will further increase the number of foster carers and develop new approaches to reduce the number of children entering care and shift to more local provision of care, in particular through the Family Resilience programme.

Financial Context

10. There is currently a high proportion of external residential placement spend which is not through the existing residential framework (48% of current spend is 'spot' purchased). During 2017/18 the annual average unit cost for an external residential placement (non CWD) was £0.223m. The annual unit cost of an external residential placement for children with disabilities was £0.181m. Unit costs have increased over the past five years by 30%. These average annual costs are mix of rates from the existing framework, 'spot' purchased placements, and include additional services purchased (e.g. therapies or 2 to 1 staffing support). This mix makes it very difficult to compare the current rates with the proposed rates for services under the new framework.
11. In 2017/18 spend on external residential placements totalled just under £17m against a budget of £15.6m. The budget was increased by £3m during 2017/18 due to an unprecedented increase in demand. The budget for Children's Residential placements with external children's homes for 2018/19 factors in further growth and is set at £21.7m.
12. Effective and appropriate use of a Flexible Framework Agreement, with improved contract monitoring arrangements in place, should provide Surrey County Council and other participating Local Authorities assurance of quality in the provision of children's residential care and price stability in what will otherwise be a market characterised by variable and escalating costs over the coming years.

Options Analysis

13. The following options were considered:
 - Option 1: Revert to spot purchasing
 - Option 2: Procure a SCC-specific solution
 - Option 3: Engage in a consortia commissioning solution
14. It was agreed that entering into a collaborative arrangement with other local authorities in the region to tender for a flexible framework was the most appropriate (and legally compliant) method of procurement currently available to us.

Commissioning Approach

15. Southampton City Council established and led a regional consortium of local authorities to enable a collaborative approach to re-commissioning children's residential care.
16. The consortium is currently comprised of **18 local authorities** – Bournemouth Borough Council, Bracknell Forest Council, Brighton and Hove City Council, Dorset County Council, East Sussex County Council, Isle of Wight Council, Medway Council, Oxfordshire County Council, Poole Borough Council, Portsmouth City Council, Reading Borough Council, Slough Children's Services Trust, Southampton City Council, Surrey County Council, West Berkshire County Council, West Sussex County Council, Windsor & Maidenhead Council, and Wokingham Borough Council.
17. The contract has been designed in a manner that will enable additional local authorities to join the consortium as permitted buyers for a fee at a later date.
18. As a large local authority, with the highest usage of residential children's homes in the consortium, Surrey have displayed a high degree of influence over the development of the framework contract and service specification – particularly in regards to tender evaluation, the outcomes framework, performance monitoring (including key performance indicators and default clauses), and the development of a specific Lot focused on children with complex needs (Lot 5: Therapeutic Residential Care).
19. The contract has been let as a competitive tendering exercise. It was decided that an open process was appropriate because it gave the best opportunity to enable the required number of providers to join the framework. More information regarding the tendering process, including timelines and outcomes can be found in **Annex 1**.
20. The LASR Flexible Framework has been opened to children's homes delivering services for *looked after children* under the following Lots:

LOT	DESCRIPTION
Lot 1	Planned and Same Day Residential Care
Lot 2	Crisis Care
Lot 3	Residential Care with DfE Regulated Education
Lot 4	Residential Parenting Assessments
Lot 5	Therapeutic Residential Care
Lot 6	Children with Disabilities

21. The new LASR Flexible Framework is underpinned by a comprehensive Outcomes Framework (**Annex 2**). Outcomes are focused on ensuring that our looked after children are safe from harm, experience good physical and mental health, are resilient and able to cope with life's difficulties, they have good self-esteem, achieve well at school, are able to build and maintain positive relationships with others, and that they are well supported in the process of preparing for adulthood and moving to independence.
22. Outcomes for individual children are captured in the Referral Form, the Individual Placement Agreement (IPA) and the child's Care Plan. It is the job of the child's Social Worker and Independent Reviewing Officer (IRO) to monitor how well the placement is meeting the needs of our children, and how well they are making progress towards positive outcomes. This is then reported through the new Quality Assurance Form being completed by IROs after each Looked After Child Review (which takes place every 6 months).

23. Experience with previous frameworks and other commissioning arrangements has demonstrated that in order to be effective, frameworks must be robustly managed and providers closely monitored for to ensure high quality of provision and ongoing compliance with the terms of the contract.
24. It is proposed that a small Framework Coordination Team will be employed by the consortia to provide ongoing oversight of the framework across the region. This team will be responsible for coordinating contract management tasks including the monitoring of Key Performance Indicators, highlighting performance issues, monitoring OFSTED (or equivalent) ratings, responding to Freedom of Information requests, organising provider forums, ensuring volume discounts are being applied where available, and providing red-flag notification for local authorities when a provider has acted in a manner that causes concern or breached the terms of the contract. Default clauses within the terms and conditions provide the opportunity for providers to be suspended or have their contract terminated in the event of a breach.

Benefits of the Framework

25. **Increased Placement Choice.** 382 children's homes have successfully bid for a place on the new LASR Flexible Framework, compared with 263 homes on the current framework. Many of these homes provide services under more than one Lot, and therefore options for placing children in a manner that is compliant will be enhanced on commencement of this new framework.
26. **Price Transparency and Certainty.** Within their bids, providers have provided a breakdown of their weekly fee, providing an increased level of transparency regarding operating costs versus profit. We have also received from providers a list of 'additional services' that can be offered on top of the placement cost, should the child have specific areas of need.
27. **Managing Market Inflation.** All pricing submitted by providers in their initial bid will generally be 'fixed' until the end of the first three years of the framework and will not be subject to inflationary uplift. Providers may apply to reduce their fees when the framework opens each year (to be more competitive) but they will not be able to increase their fees unless they can prove that the need for an increase has arisen as a direct result of legislative changes and that these changes have resulted in increased financial risk to the provider (potentially risking placement stability for children). All applications to increase prices will need to be approved by the Project Board (made up of representatives from each of the local authorities in the consortium).
28. **Potential Savings through Block Contracts.** The Framework Agreement has been designed as a 'platform' from which solo and sub-regional block contracts may be called-off. Sir Martin Narey's Review of Children's Residential Care in England (2016) recommends that local authorities do more shared block contracting of this service type and that when doing so, savings of 5 – 10% may be expected when compared to traditional spot purchasing arrangements. Block contracts may also be used to stimulate growth in the local supply of children's homes. Work is underway within the consortium to ensure we are collectively maximising the opportunities that follow from this option.
29. **Potential Savings through Volume Discounts.** The pricing schedule included in the ITT allowed providers to voluntarily offer volume discounts as part of their bid.
30. **Provision for Children with Complex Needs.** *Lot 5: Therapeutic Residential Care* is a type of provision that has not been included in previous framework arrangements. The purpose of this Lot is to identify children's homes that

understand the challenges of working with highly traumatised children who have a range of difficulties in their social, emotional and intellectual development and display complex behaviours as a result of their past. To be awarded a place on this Lot, children’s homes have had to show how they work with children using a widely recognised, evidence based therapeutic model of care, and achieve good outcomes for this cohort.

CONSULTATION:

- 31. The outcomes framework is based on the Every Child Matters document commissioned by Central Government, and work completed by the South East Together consortium, who consulted extensively with providers, parents, children and young people.
- 32. A live market engagement event was held in Southampton in July 2017. Further market engagement took place via an interactive, online ‘Get Ready to Tender’ event in February 2018.
- 33. A bespoke contract, including terms and conditions has been developed by Southampton City Council and approved by all participating authorities through the Project Board.
- 34. Key internal stakeholders have been consulted at all stages of the commissioning and procurement process and provided feedback on the commissioning strategy, the specification, and the terms and conditions. This has included Looked after Children, SEND, and CWD team representatives. The Children’s Rights and Participation team were also consulted on the specification.
- 35. Providers, social workers, IROs and children and young people will all continue to be engaged and consulted as part of the annual review process.

RISK MANAGEMENT AND IMPLICATIONS:

36. Potential risks of being involved in the LASR Flexible Framework for the commissioning of children’s residential services:

Category	Risk Description	Mitigation Activity
Financial	There may be a risk of not finding sufficient placements to fulfil our statutory obligations, leading to continued high levels of spot purchasing.	The number of providers on the framework has increased from the previous framework. The framework will be opened annually to allow new children’s homes to be added to the framework – providing more placement choice.
Financial	Requests for price increases	Any request for a price increase will have to be fully justified and approved by the Framework Project Board. The contract makes it clear that prices are expected to be fixed for at least the first three years of the framework agreement.

Reputational	There may be a risk of not finding sufficient placements to fulfil our statutory obligations	The number of providers on the framework has increased from the previous framework. The framework will be opened annually to allow new children's homes to be added to the framework – providing more placement choice.
Reputational	Increased number of out of county placements	Ongoing work to develop local provision in Surrey, including the recruitment of more local foster carers, exploring alternatives to residential care, and using regional data collected by the consortium to encourage providers to open new children's homes in the local area, which will all reduce the number of out of county placements.

Financial and Value for Money Implications

37. According to the Institute of Public Care (IPC), working in a consortium gives local authorities scale and volume of business that helps drive savings through enabling providers to lower prices. The IPC Research Report (2015) shows that most consortia reported generating cashable savings and non-cashable savings in varying degrees (approximately 4-5% off spot purchased placement costs at a similar point in time) through working collaboratively. However the likelihood of securing further savings reduces the longer a consortium is in operation particularly if robust contract management is not in place. Indeed, many local authorities now share the view that the focus of consortia working should be on cost avoidance, transparency in pricing, and intensifying efforts in monitoring and improving the quality of placements.
38. The Department for Education is also encouraging local authorities to commission on a much larger (regional) scale, and work more collaboratively with the independent sector to develop innovative, value for money services that better meet the needs of looked after children (*Putting Children First: Delivering our vision for excellent children's social care*, DfE, July 2016)
39. The vast majority of homes awarded to the Framework Agreement (81%) have an Ofsted rating of good or outstanding. 10% have a rating of 'requires improvement to be good,' and the remaining 9% are homes registered with Ofsted but not yet inspected, or homes not regulated by Ofsted (those which may be located in Scotland and Wales). The contract will therefore offer a robust mechanism through which the Council will be able to assure that our looked after children are placed in high quality care.
40. The budget for external children's residential provision for non CWD placements is set at £19.4m for 2018/19. This was based on 74 open placements as at April 2018 with a continued growth of 2 placements per month during the year. For external placements for children with disabilities (CWD) the budget is £2.3m, based on an average of 13 placements throughout the year. The Council has recognised the rising demand and unit costs in this area and has agreed £6.1m of growth in 2018/19 within the Medium Term Financial Plan (MTFP) for external residential placements as part of a wider £19m growth packaged for Children's Services. The MTFP also sets out the need to achieve £0.6m of efficiencies with regards to managing market inflation per year over the next two years, however this does not purely relate to external residential placements.

41. Other than a small contribution towards framework coordination and shared contract management costs (approximately £15k per annum - calculated on a proportional usage basis and paid out of the Children's Services Placement Budget), there are no further costs associated with calling off the framework, nor is there a requirement that we use it. Being an active purchaser of placements through the framework however, allows Surrey to remain compliant with the Public Contract Regulations 2015 and working in partnership with other local authorities within the region builds buying power and leverage with the market.

Section 151 Officer Commentary

42. The County Council is under severe financial pressure and needs to ensure any new contractual arrangements are cost effective and will ideally reduce future costs. The service specifications under the proposed new framework are completely different to the current commissioned services and it is not possible at this time to correlate needs with current services to attempt any matching. This means comparisons are not meaningful between current service unit costs and the unit costs quoted in part 2. Any financial benefits cannot therefore be forecast at this stage, but the unit costs and total spend will be closely monitored.
43. The section 151 officer acknowledges there are advantages in operating a framework arrangement in that there is a greater transparency of unit costs; more providers signed up to the new framework so there is more choice; price inflation can be controlled and the County Council can take advantage of volume discounts with some providers. All of these advantages provide greater control over market prices and overall spend.

Legal Implications – Monitoring Officer

44. The Council's primary statutory duty under sections 22(3) and 22 A-F of the Children's Act 1989 to safeguard and promote the welfare of looked after children including their ensuing maintenance and accommodation needs; the Council's duty to fulfil its regulatory requirement to develop sufficient placements to meet the needs of looked after children, whilst improving the quality of placements must be considered, against the significant increase and changing profile of looked after children.
45. In order to be best placed to fulfil the above duties we have decided to become a partner of the Local Authorities of the Southern Region (LASR) Flexible Framework for the provision of children's residential care placements. This process has been compliant with the Public Contract Regulations 2015, specifically the 'Light touch regime' (Chapter 3 of the Regulations) and the Council's Procurement Standing Orders. The Cabinet needs to balance the Council meeting their duties against the increased forecasted costs of residential care placements if a framework (or similar procurement solution) is not entered into by 30 September 2018.

Equalities and Diversity

46. Being a partner of the LASR Flexible Framework for residential placements for children, will have a positive impact on equalities and diversity as it will improve placement choice and quality of provision and ensure a variety of placement options are available to meet the needs of some of Surrey's most vulnerable children, including those with complex behaviours and looked after children with disabilities.
47. An Equality Impact Assessment (EIA) has been carried out by the Project Group to analyse any potential negative or positive impacts of the outcomes of the tender on

individuals with protected characteristics. A summary of key impacts and actions can be found in **Annex 3**. A copy of the full EIA can be provided on request.

Corporate Parenting/Looked After Children implications

48. Being a partner of the LASR Flexible Framework will assist Surrey in fulfilling its sufficiency duty (providing sufficient placement choice and stability) and ensure better outcomes for Looked After Children. Better outcomes will be achieved through joined-up partnership working with other local authorities, increased access to a broad range of providers across the south of England (including within Surrey's borders), implementation of the Outcomes Framework and enhanced contract monitoring of independent providers.

Safeguarding responsibilities for vulnerable children and adults implications

49. The robust framework coordination and contract management arrangements that will be put in place through the LASR Flexible Framework implementation will ensure that placements made with independent children's homes will be monitored more closely than placements that are spot purchased. Regular monitoring through the framework will have a strong focus on providers' safeguarding policies and procedures and ensure that the safety of children and young people in care is a priority at all times.

WHAT HAPPENS NEXT:

50. The timetable for implementation is as follows:

Action	Date
Southampton Cabinet Meeting	17 July 2018
Surrey Cabinet Meeting	17 July 2018
Surrey to notify Southampton of Cabinet Decision	18 July 2018
Southampton to notify successful bidders	19 July 2018
Standstill period	10 days
Framework commencement date	1 September 2018

Contact Officer:

Frank Offer Head of Market Strategy, Tel: 020 8541 9507

Sam Morrison, Principal Commissioning Manager (Social Care & Wellbeing), Tel: 07976 850268

Libby Butler, Senior Commissioning Manager (Social Care & Wellbeing), Tel: 07973 944769

Consulted:

The CSF Commissioning Oversight Group (COG), led by the Assistant Director for Commissioning and Prevention, was briefed on the project and endorsed all actions and recommendations at meetings in June 2017 and March 2018.

A Strategic Sourcing Plan (SSP) was presented and the route to market approved at a Strategic Governance Board (SGB) meeting on 13 March 2018.

Meetings were held with Cllr Clare Curran (Cabinet Member for Children) and Cllr Tim Oliver (Cabinet Lead Member for People) during May 2018, and Cllr Helyn Clack (Cabinet Lead Member for Corporate Support) in June 2018.

Annexes:

- Annex 1: Competitive Tendering Process
- Annex 2: LASR Outcomes Framework
- Annex 3: Equality Impact Assessment (Summary)

Sources/background papers:

- Chief Secretary to the Treasury (2003) *Every Child Matters*. London. HM Government.
- Department for Education (2016) *Putting Children First: Delivering our vision for excellent children's social care*. London: Department of Education.
- Institute of Public Care (2015) *The Efficacy and Sustainability of Consortia Commissioning of Looked After Children's Services: Research Report*. Oxford Brookes University.
- Narey, Sir Martin (2016) *Residential Care in England: Report of Sir Martin Narey's independent review of children's residential care*. London. HM Government.
- Children Act 1989 (<https://www.legislation.gov.uk/ukpga/1989/41/contents>)
- The Public Contracts Regulations 2015 (http://www.legislation.gov.uk/uksi/2015/102/pdfs/uksi_20150102_en.pdf)
- Surrey County Council (2016) *Surrey Placement Strategy for Looked After Children 2016 – 2019*.
- Surrey County Council (2015) *Corporate Parenting Strategy 2015 – 2018*.
- Internal Document: *Child First: Commissioning Intentions for Children in Surrey 2017 – 2022* (a copy can be found [here](#) on S-Net)

Annex 1: Competitive Tendering Process

The Market

The providers in the current market know that demand is outstripping supply and that they hold the leverage and market advantage. Most providers are for profit, run by private companies. Although evidence from OFSTED suggests that many are providing quality care, it is clear that the market needs to be managed carefully and relationships built, to encourage more local development of children's homes with reasonable rates.

Out of Scope Services

The framework will *not* cover the services provided by specialist SEND providers or specialist SEN residential schools including Independent Non-Maintained Special Schools, unless they provide 52 week residential care and are registered as a Children's Home. It will also not cover provision (some crisis/short term/16+ accommodation) that is unregulated, as entry onto the framework has been determined by Ofsted rating (or equivalent quality rating in Scotland and Wales) and providers have been tiered according to both their Quality/Ofsted Rating and Price. Any provider who is unregulated, yet to be registered, or registered but has a quality rating as 'inadequate' (or equivalent) has not been accepted onto the framework.

Governance

A Project Board and three working groups were established. The Project Board has been meeting monthly to make strategic level decisions and sign-off on proposals and tender documentation that have been developed through the working groups.

The Project Board is chaired by the Associate Director at Southampton City Council, and membership is made up of one or two representatives from each local authority. Surrey has been represented by Commissioning, Children's Services and Procurement. The work has also been supported by Legal Services and Corporate Finance.

Specifications for all Lots have been developed by the Operational Working Group and signed off by the consortium Project Board. There has been extensive consultation across all 18 authorities in developing the Specification, and in refining the Specification, in which Surrey has played a key role.

Procurement Process

After publication of the OJEU notice on 28 February 2018 (OJEU Reference No. 2018/S 082-185099), an invitation to tender (ITT) was published on the 27 March and providers were asked to complete and submit their tender for one or more of the following lots:

LOT	DESCRIPTION
Lot 1	Planned and Same Day Residential Care
Lot 2	Crisis Care
Lot 3	Residential Care with DfE Regulated Education
Lot 4	Residential Parenting Assessments
Lot 5	Therapeutic Residential Care
Lot 6	Children with Disabilities

Providers were instructed to submit prices fixed for three years, i.e. for the main term of the contract.

The opportunity to tender for the first year of the Flexible Framework closed on 8 May 2018. Further opportunities to bid will be provided when the framework 'opens' for a brief period of time, on an annual basis.

Tender Evaluation Process

Bidders were required to respond to a number of standard questions with applicable pass/fail criteria laid down in the initial stage of this process. Such questions were to test financial capacity, grounds for mandatory exclusion, pre-determined insurance levels, and compliance to specific legislation(s).

The lot structure was key to developing the Quality and Pricing Structure. Quality for Lots 1, 2, 3 and 6 was measured by using the providers existing Ofsted inspection report outcomes. Following an Ofsted inspection, providers are awarded a quality outcome report, and providers were asked to declare their quality rating at tender stage, the declarations were checked at evaluation stage. The results were then used by the Consortia to award either a Pass or Fail to gain approval for inclusion on the framework or not:

Outstanding	Pass A rating awarded;
Good	Pass A rating awarded;
Requires Improvement to be good	Pass B rating awarded;
Inadequate	Fail - not included on the framework.

Emphasis was placed on fairness and equivalence to all providers during this procurement. An additional 'C Rating' was included to ensure new providers that are registered but not yet inspected and Welsh and Scottish providers were able to apply for a place on the framework. It states in the framework that Commissioners have the opportunity to request evidence to demonstrate quality for C rated providers when the framework is in place.

If successful at the Qualification stage, providers for Lots 4 and 5 were asked to submit responses to Method Statement Questions (MSQs), detailing their service offer. The responses were evaluated and moderated by a panel and successful providers ranked in accordance with their combined price and quality scoring.

Procurement Phase Outcomes

The table below details the numbers of providers that applied to the framework Lots and the ranking that has been applied to each:

Lot	Ranking Allocated	Number of Childrens Homes on Lot/Rank
Lot 1	A	174
Planned and Same	B	29
Day Residential	C	11
Care	FAIL	5
	<i>Lot 1 Total Homes Applied</i>	219
	<i>Lot 1 Total Homes on Framework</i>	214
Lot 2	A	52
Crisis Care	B	4
	C	8
	FAIL	0
	<i>Lot 2 Total Homes Applied</i>	64
	<i>Lot 2 Total Homes on Framework</i>	64

Lot 3	A	97
Residential Care	B	18
with DFE Registered	C	28
Education	FAIL	3
	<i>Lot 3 Total Homes Applied</i>	146
	<i>Lot 3 Total Homes on Framework</i>	143
Lot 4	A	2
Residential	B	0
Parenting	C	0
Assessments	FAIL	0
	<i>Lot 4 Total Homes Applied</i>	2
	<i>Lot 4 Total Homes on Framework</i>	2
Lot 5	A	127
Therapeutic	B	15
Residential Care	C	30
	FAIL	4
	<i>Lot 5 Total Homes Applied</i>	176
	<i>Lot 5 Total Homes on Framework</i>	172
Lot 6	A	28
Children with	B	6
Disabilities	C	0
	FAIL	0
	<i>Lot 6 Total Homes Applied</i>	34
	<i>Lot 6 Total Homes on Framework</i>	34

It is recommended that 382 individual children's homes be awarded to the framework (please note that many of these homes offer provision under more than one Lot).

Annex 2: LASR Outcomes Framework

Individual Outcomes for Looked After Children

Overall Goal:

There will be discernible outcomes prescribed by the individual's care plan, with the activities and methods employed to attain these outcomes directly tailored to that plan. Services which have no demonstrable link to achieving key outcomes in the individual's care plan shall not be included in the package of care for that child. The overall goal is to commission high quality residential care for looked after children that meets their individual needs and enables them to be happy, healthy, safe and confident in their future, through the achievement of the following positive outcomes:

1. Safety
2. Physical & Mental Health
3. Resilience
4. Self-Esteem
5. Emotional Intelligence
6. Control
7. Relationships
8. Achievement
9. Identity and Social Presentation
10. Preparation for Adulthood

Outcome	1. Safety – The child is protected and safe, and moreover, feels safe
Outputs	1.1 The child is helped to develop the knowledge and skills that will enable them to adopt safe practices in situations at home, at school and in the community 1.2 The child does not experience bullying, nor are they involved in the bullying of others 1.3 The child is emotionally attached to their primary carer 1.4 The child is able to use a computer and other forms of electrical communication effectively and safely
Outcome	2. Physical and Mental Health – The child experiences the highest attainable standards of physical health.
Outputs	2.1 The child has access to suitable healthcare, and support in learning to make healthy and safe choices. 2.2 The child attends routine appointments with health professionals and receives appropriate treatment where required. 2.3 Where the child has a disability or degenerative condition, their specific needs arising from this are addressed to enable them to achieve the best quality of life possible.
Outcome	3. Resilience – The child has the ability to deal with life’s difficulties. They are able to process and cope with failure and disappointment, and still feel a sense of optimism about the future.
Outputs	3.1 The child is given the opportunity to explore coping strategies and knows how to use them.
Outcome	4. Self Esteem – The child feels good about themselves, places value on their own opinions and ideas, and is generally positive about their personality and abilities.
Outputs	4.1 The child is supported in identifying their strengths or good qualities and are encouraged to try new things.
Outcome	5. Emotional Intelligence – Emotional Intelligence is a person’s ability to: perceive emotion in oneself and others; integrate emotion into thought; understand emotion in oneself and others; and manage or regulate emotion in oneself and others.
Outputs	5.1 The child is supported in understanding his/her emotions and the emotions of others 5.2 The child is taught to manage and resolve conflict in constructive ways
Outcome	6. Control – The child has sufficient control of their own life.
Outputs	6.1 The child is allowed and encouraged to take responsibility (age appropriate) for themselves and others. 6.2 The child feels included in important day to day decisions that affect them, has the opportunity to ask questions about their plan and is encouraged to give their view. 6.3 The child has knowledge of and access to independent advocacy services. 6.4 The child develops a level of independence appropriate for their age or stage.
Outcome	7. Relationships – The child builds and sustains supportive relationships with family, friends, peers and others.
Outputs	7.1 The child knows that people care about them, and feel close to others. 7.2 The child is supported to develop skills to interact with other people, form friendships and sustain good relationships with family, carer-givers, and others.

Outcome	8. Achievement – The child is growing in their learning and in the development of their skills.
Outputs	8.1 The child participates in education and experiences achievement in their learning, and in all other aspects of their lives. 8.2 The child has a variety of hobbies and interests and opportunities to develop these. 8.3 The child takes part in household tasks appropriate to their age and ability and receives recognition to the contribution they make to the day to day running of the children’s home.

Outcome	9. Identity and Social Presentation – The child has a strong and positive sense of self and is comfortable with their identity.
Outputs	9.1 The child has a positive sense of his/her ethnicity in the home as a black or minority ethnic child. 9.2 Religious, spiritual and/or culturally specific needs are taken into consideration and links with the religious and cultural practices of their birth family are strengthened. 9.3 The child is comfortable with their identity as a child in care, and where appropriate, undertakes life story work.

Outcome	10. Preparation for Adulthood – As they grow older, children and young people are able to maximise their independence and self-determination and are supported in the process to moving to independent adult life.
Outputs	10.1 The young person has a plan to engage in further education, employment or training when they leave school 10.2 The young person has a reasonable understanding of how financial institutions work and how to manage their money properly 10.3 The young person has access to and takes part in a variety of social, sporting and cultural activities (outside of the care setting), appropriate to their individual needs. 10.4 The young person progressively gains independent living skills appropriate to their age and level of development as they grow older. 10.5 The young person positively participates in, and contributes to, community life.

Service Outcomes

The following service qualities/outcomes describe expectations regarding the approach providers will take in achieving these outcomes with children. The contract will not oversubscribe how providers will work, but commissioners will expect providers to work in a way which meets the following service qualities:

Outcome	11. Co-Production
Outputs	Providers will work with children and young people in order to co-design and co-deliver their activities

Outcome	12. Value for Money
Outputs	Providers use appropriate levels of resource for each child. It is anticipated that support for children will reduce in intensity as the independence of the child grows over time. There should therefore be an ongoing review of resource levels and these should be set appropriately.
Outcome	13. Work Experience
Outputs	Providers will consider opportunities to create 'apprenticeships', helping our children to access different types of work experience, complementing education, employment and training plans.
Outcome	14. Connecting with the Local Community
Outputs	Providers make links with local communities which support the integration of children into the world beyond school and care, and allow providers to make use of local assets such as community groups, clubs and events, green spaces, and cultural and sporting facilities to support the delivery of outcomes.
Outcome	15. Promoting Inclusion
Outputs	Providers play an active role in promoting the inclusion of children in their care in society and challenge barriers to inclusion in the community or at a national level.
Outcome	16. Working in Partnership with Other Services
Outputs	Providers build relationships and seek partnerships with other local services, including relevant child, adolescent and adult services provided by local authorities and clinical commissioning groups, and services offered by the charitable and voluntary sector.
Outcome	17. Collaborating with Other Providers
Outputs	Innovations are developed collaboratively between groups of local providers, rather than separately. Providers share best practice with each other and coordinate trainings so it can be shared rather than duplicated.
Outcome	18. Contributing Social Value
Outputs	Providers deliver their services in ways which provide additional value to the local area; through careful and sustainable use of environmental resources, and by being good employers, thereby contributing to economic outcomes for local people.
Outcome	19. Ensuring Financial Sustainability
Outputs	Providers take responsibility for their financial viability and demonstrate that their organisation is financially sound and has a sustainable funding model.

Summary of key impacts and actions

<p>Information and engagement underpinning equalities analysis</p>	<ul style="list-style-type: none"> • The outcomes framework is based on the Every Child Matters document commissioned by Central Government, and work completed by the South East Together consortium. Both pieces of work took into consideration the views of providers, parents and children and young people across the region. • Live market engagement event with providers was held prior to development of the Framework, with questions and suggestions collated from providers, and responses provided by the Consortium. Recommendations made by the providers were incorporated into the final Framework Agreement. • An online event called “Get Ready to Tender” gave providers a further opportunity to ask questions. • Providers and looked after children and young people and their families will continue to be engaged and consulted as part of the annual review process.
<p>Key impacts (positive and/or negative) on people with protected characteristics</p>	<p>The Framework will provide greater choice for placements, enabling more appropriate placements to be made, and improved outcomes for looked after children of all ages and across groups with protected characteristics. Positive impacts have been identified in particular for the following protected characteristics:</p> <p>Age Older children are more likely to be in a residential placement than younger locally and nationally, although positive outcomes could be improved for younger children in some cases where a residential placement would provide the most suitable care. The Framework will ensure greater choice of provision will enable more suitable placements to be made, and improved outcomes for looked after children of all ages.</p> <p>Disability The Framework will provide increased clarity of placement availability which meet our requirements for children and young people with disabilities (the Local Offer), as well as offering greater choice of provision as part of Lot 6, leading to more suitable placements being made.</p> <p>Pregnancy and maternity The Framework Agreement has specific provision as part of Lot 4 – Residential Parenting Assessments, which is expected to improve outcomes for vulnerable parents and their children.</p> <p>Sex Boys are more likely to be in a residential placement than girls. The Framework will ensure greater choice of provision, enabling more suitable placements to be made, and improved outcomes for all looked after children.</p> <p>Race The Framework has specific outcomes to focus on improving residential care provision for looked after children of black or minority ethnicities. Outcome 9 of the Framework is focused on the child having “a strong and positive sense</p>

	<p>of self and is comfortable with their identity”. Outcome 9.1 is for “The child has a positive sense of his/her ethnicity in the home as a black or minority ethnic child.”</p> <p>Religion The service specification of the Framework has a specific outcome to focus on improving the religious, spiritual and cultural provision for children in residential care, with Outcome 9.2 “Religious, spiritual and or culturally specific needs are to be taken into consideration and links with the religious and cultural practices of their birth family are to be strengthened.”</p> <p>Whilst on the whole, the Framework is positive for children and young people who belong to groups with protected characteristics, they may be more likely to have more complex needs that need to be met as part of their placement. Placement decisions will be made on the basis of best match to meet the needs of the individual child or young person, the geographical location and the price, in that order.</p>
<p>Changes you have made to the proposal as a result of the EIA</p>	<p>The new Framework Agreement has a Lot included for Therapeutic Care provision, as the current Framework does not cover specific provision for children who have multiple, complex needs or a background of childhood trauma and therefore require a more intensive, therapeutic level of care than that which is commonly offered in the children’s home market.</p> <p>The Service Specification contains a very comprehensive Outcomes Framework, which was not included in the current Framework. This was developed with the needs of children and young people with protected characteristics in mind, and informed by Every Child Matters policy and consultation work by the South East Together Consortium.</p> <p>A bespoke contract, including terms and conditions, has been developed by Southampton City Council and approved by all participating authorities, which was informed by outputs market engagement events with providers, children and young people.</p>
<p>Key mitigating actions planned to address any outstanding negative impacts</p>	<p>The mechanisms within this Framework Agreement allow for an individual placement agreement for each child or young person, which will specify the needs to be met and outcomes required. This will make sure that children and young people with protected characteristics can be well-accommodated in their placement.</p>
<p>Potential negative impacts that cannot be mitigated</p>	<p>None</p>