

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

Award of Contract for the Provision of Residential Care for Young People

Item number	7.14
Report number	
Executive/routine	
Wards	

Executive Summary

This report seeks the approval of the Finance and Resources Committee to award a contract for the provision of Residential Care for Young People.

The contract duration will be four years, with an option to extend for up to a further two periods of 18 months each.

The total estimated value of the contract, including extensions, is between £6,445,873 and £6,845,778 assuming annual inflation of 2%. Actual spend will depend on index linked price adjustments.

Links

Coalition Pledges	CP1
Council Priorities	CP1, CP2, CP4
Single Outcome Agreement	SO2, SO3, SO4

Award of Contract for the Provision of Residential Care for Young People

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves award of a contract to Dean and Cauvin Trust for the provision of residential care for young people. The contract will start on 1 April 2017 and will operate for a period of four years, with the option to extend for a further period of 2 x 18 month extensions.

2. Background

- 2.1 The City of Edinburgh Council requires flexible residential placements for nine young people looked after by the Council. The incumbent supplier (Dean and Cauvin Trust) provided the service for some years under a service level agreement (SLA).
- 2.2 The service includes accommodation comprising of two separate units that would be suitable for this type of service. One unit is for young people aged 15 1/2 years and over and the other for vulnerable pregnant teenage mums or teenage mums with young babies. Care Inspectorate registration is mandatory.
- 2.3 The overall requirement of this contract is that the young people will be placed in an establishment that is able to provide a high quality, stable, safe, supportive and enabling residential 'home base'. The provider will deliver, through individual and group work as appropriate, a programme of services and training directed towards developing competence, self care skills, independence skills and providing career guidance or advice on educational attainment. In addition, short term post residential support is required for the same young people as they move to their own tenancies.
- 2.4 The service has sought, through its Looked After Children Transformation Programme, to reduce usage of residential provision and has in recent years been successful through the closures of Wellington residential school, Pentland View Close Support Unit and the merger of Greendykes YPC and Edinburgh Families Project at the new Heathervale Unit. There is an ongoing requirement for a service to provide residential accommodation for this client group to complement the remaining Council provision.

3. Main report

- 3.1 This procurement commenced before the 18 April 2016 and as such, in terms of EU procurement regulations, social care services are under Part B regulations. Although Part B services are not subject to the full rigours of EU procurement regulations, there is a requirement for openness, transparency and fair and equal treatment, as well as a requirement to comply with the Public Contracts (Scotland) Regulations 2012 and the Council's Contract Standing Orders.
- 3.2 A Contract Notice was published on the Public Contracts Scotland (PCS) website on 8 April 2016 with an open Invitation to Tender (ITT). A total of twenty three organisations registered interest.
- 3.3 A summary of the tender process is provided at Appendix 1 of this report.
- 3.4 Information about award criteria is provided at Appendix 2 of this report.
- 3.5 One organisation submitted a tender by the deadline of 24 May 2016.
- 3.6 The tender was evaluated on the basis of most economically advantageous tender (MEAT), weighted 70:30 for quality and price. Quality being of greater importance due to the nature of the service.
- 3.7 The tender was assessed as meeting the qualification criteria and was therefore taken forward for evaluation of technical (quality) content.

Provider	Quality	Price	Total
Dean and Cauvin Trust	47	30	77

- 3.8 The recommendation for award of contract is based on the tenderer's score and the outcome of further due diligence.
- 3.9 The designated Contract Manager within Communities and Families will be responsible for contract and supplier management.

4. Measures of success

- 4.1 The contract price is a fixed annual fee for the core service for the duration of the contract, subject to inflationary increases, with greater understanding of the full costs being applied to the service.
- 4.2 This procurement has adhered to policy on Sustainable Procurement and Implementing Community Benefits. Specific Community Benefits (see section 8) and added value have been obtained and delivery of these benefits will be monitored by Communities and Families.

- 4.3 Added value to the service (additional funding from Big Lottery Fund etc.) has been specified by the provider to range between £210,488 to £116,250 per annum through out the term of the contract. This covers additional Aftercare and Transitional costs.
- 4.4 The longer term contract will provide more stability to the provider, young people and the service area, which will allow for long term planning of funds.

5. Financial impact

- 5.1 The current cost of this service is £853,777 per year.
- 5.2 The value of this contract is set at £920,839 per annum plus an agreed index linked inflation rate (CPI) after 2016/2017. The increased cost relates to an inflationary increase for 2017/18 and the impact of the provider complying with the Working Time Directive from April 2017. The increased cost relating to the Working Time Directive is comparable to the costs the Council incurred when it was implemented within its own residential units a number of years ago.
- 5.3 The contract includes provision for annual inflationary increases linked to the Consumer Price Index (CPI). The minimum value of the seven year contract is £6,445,909 excluding inflationary increases. The estimated maximum value assuming annual inflation of 2% is £6,845,778. The cost of the contract, and future inflationary increases, can be met within the services budgets.
- 5.4 The costs associated with procuring this contract are estimated to be between £20,001 and £35,000.

6. Risk, policy, compliance and governance impact

- 6.1 Residential care for young people is an essential activity. The Provider will therefore be required to evidence acceptable arrangements in respect of business continuity.

7. Equalities impact

- 7.1 The contents of this report contribute to the Equality Act 2010 public sector equality duty by advancing equality of opportunity and fostering good relations and a full Equalities Impact Assessment was not required.

8. Sustainability impact

- 8.1 No significant environmental impacts are expected to arise from this contract.

- 8.2 Community benefits offered by Dean and Cauvin Trust include training delivery to City of Edinburgh staff on a range of topics such as residential care, working with young parents, group work and care experiences, or other related subjects. This will be delivered quarterly. The designated Contract Manager will be responsible for monitoring delivery and reporting of community benefits by individual providers.

9. Consultation and engagement

- 9.1 Consultation with the young people was undertaken prior to this procurement. The young people will be kept informed of progress with contract implementation.

10. Background reading/external references

- 10.1 None.

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11. Links

Coalition Pledges	CP1 Ensuring every child in Edinburgh has the best start in life
Council Priorities	CP1 Children and Young People fulfil their potential CP2 Improved health and well-being, reduced inequalities CP4 Safe and empowered communities
Single Outcome Agreement	SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health SO3: Edinburgh's children and young people enjoy their childhood and fulfil their potential. SO4: Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	1 Summary of Tendering and Tender Evaluation Processes 2 Award Criteria

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Residential Care for Young People - Contract Ref: CT 0446

Contract Period	Commencement will be 1 April 2017 for a period of four years, with the option to extend for up to a further two periods of eighteen months each, undertaken at the sole discretion of the Council.
Estimated value of contracts	Maximum £6,845,778 (including extensions)
Standing Orders observed	2.4 EU Principles have been applied 2.7 Commercial and Procurement Manager provided resource to undertake tendering 3.2 Director has responsibility for all contracts tendered and led by their Directorate 5.1(b) Tenders evaluated on basis of most economically advantageous tender
Governing UK Regulation	Public Contracts (Scotland) Regulations 2012
Tenders Returned	1
Tenders fully compliant	1
Recommended Provider	Dean and Cauvin Trust
Primary Criterion	Most economically advantageous tender to have met the qualitative and technical specification
Evaluation criteria and weightings and reasons for this approach	Quality (70%) Price (30%) Quality was of greater importance due to the nature of the services to be provided
Evaluation Team	Council officers from Communities and Families
Consideration of procurement methodology and processes to ensure SME friendly	Prior Information Notice (PIN) published prior to procurement to inform the strategy.

Appendix 2 - Award Criteria

Residential Care for Young People - Contract Ref: CT 0446

Technical (Quality) Evaluation - Award Criteria	Weighting
Service Delivery	36%
Management and Staffing	12%
Fair Working Practices	12%
Performance Management	10%
Collaboration and Partnership working	10%
Implementation	10%
Community Benefits	10%
TOTAL	100%