

# Finance and Resources Committee

10am, Tuesday, 30 April 2024

## Children, Education and Justice Services Contracts Extension

Executive/routine  
Wards

### 1. Recommendations

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- 1.1 The Finance and Resources Committee is asked to:
  - 1.1.1 Note the ongoing work being undertaken by Children, Education and Justice Services Directorate to review all third party spend.
  - 1.1.2 Approve the extension to three contracts coming to an end between April and December 2024 for which there is active contract planning.
  - 1.1.3 Approve the extension to two waivers for requirements currently at market engagement stage.

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# Report

## Children, Education and Justice Services Contracts Extension

### 2. Executive Summary

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- 2.1 This report provides an overview of the current commissioning and contract management activity in the Children, Education and Justice Services Directorate, including the actions taken to streamline the monitoring of the spend and forecast to support budget process and service planning.
- 2.2 The report also notes that for a small number of contracts, approval to extend is being sought due to changes to policy and legislation impacting on contract planning.

### 3. Background

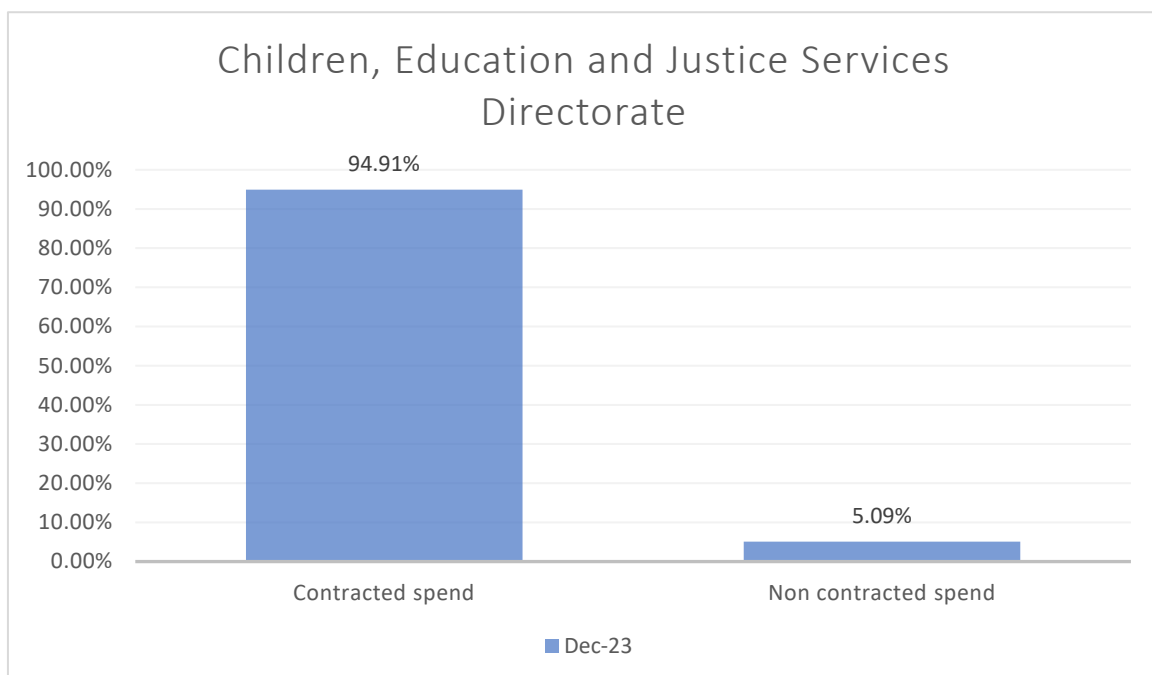
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- 3.1 The Children, Education and Justice Services (CEJS) third party revenue budget equates to £90m over approximately 170,000 transactions per annum.
- 3.2 This budget is committed to a number of contracts, grants and service level agreements, whilst a minor percentage of this spend is non-compliant (approximately 5%, see table below). Work is currently underway to ensure due diligence, best value and compliance across all areas of the Directorate, in collaboration with Commercial and Procurement Services (CPS).
- 3.3 The need to review the current landscape of third-party agreements has been discussed at November Education, Children and Families Committee, who agreed the plan and requested an update report in April. The update report presented to April Education Children and Families Committee makes reference to the contract extensions for which F&R approval is being sought.
- 3.4 Consideration has been given to all contracts due to end in financial year 23/24 and those coming to an end between April and December 2024. In collaboration with Finance and Commercial & Procurement Services, the scope has been widened to include the non-contracted spend whose visibility and scrutiny tend to be more complex.

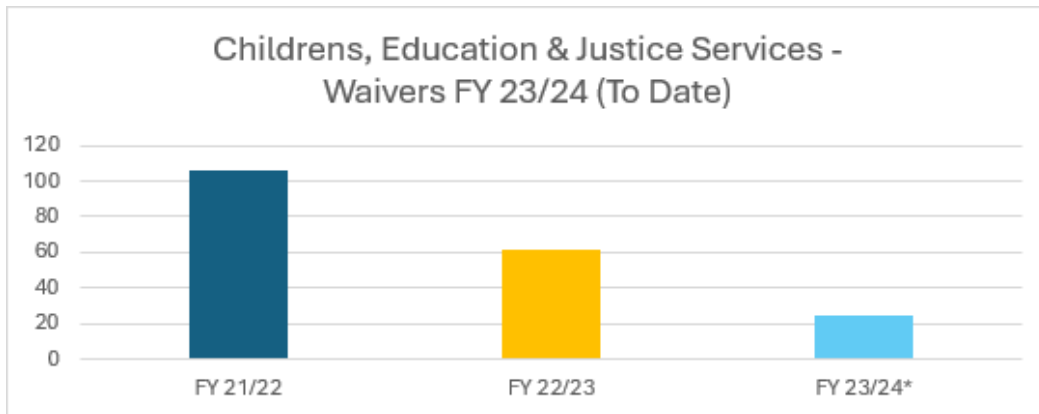
## 4. Main report

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- 4.1 Commissioning flows from strategic planning and population need whilst responding promptly to new policy and legislative changes. Innovation and improvement must be key elements of all commissioning processes.
- 4.2 To ensure that the limited resources are being utilised in the best interests of Edinburgh's children, young people and their families, officers agreed at ECF Committee to actively plan in advance and avoid automatically extending contractual arrangements when they come to an end. All agreements are being reviewed and evaluated against the contract performance, the need and required model of delivery.
- 4.3 Whilst planning activities are progressing, contract and grant opportunities are published and widely communicated through all available channels, including Joint Commissioning Group, Children's Partnership and third sector network.
- 4.4 Alongside the review of existing compliant agreements, the recently created Strategic Planning and Commissioning Team has been tackling the non-contracted, non-compliant spend which represents a high risk to the organisation. The graph below shows the proportion of non-contracted spend in December 2023.



4.5 The table below demonstrates the successful impact of the Directorate’s collective efforts in collaboration with CPS. There has been a reduction of departures from Contract Standing Orders of approximately 80% since financial year 21/22.



4.6 It is noted that reducing the risk of non-compliant spend has been a priority for CEJS. During contract planning it has however come to light that the financial risk to the Council is also high for first generation contracts. Whilst inflation remains unpredictable and above Government targets, best value may be achieved through short term agreements. The optimum balance between quality and price over the life of the contract must take into consideration the Council’s recent Medium Term Financial Plan (MTFP) and focus on delivering within budgetary constraints. This also includes careful consideration of fully compliant routes via national frameworks that, whilst convenient and quick to implement can sometimes be more expensive than alternative, longer and more complex routes to market.

4.7 Accordingly, a small number of extension and waivers are still being presented for approval. Pending continuous and further development, as soon as inflation rates become stable, and resources are available, we shall look at tendering for these few extensions and waivers.  
 Any departure from CSOs, however, will continue to be in the best interest of the children, young people and their families, and consequently of the Council itself.  
 It is worth noting that in accordance with Contract Standing Orders, an extension of up to four months can be granted within Director’s delegated authority if a tender process or contract negotiations are currently in progress and a contract award and contract commencement is anticipated within four months.

4.8 The contracts actively being reviewed which require an extension are:

Provision of Residential Care and Special Schools (Services)	Framework Multiple providers	CEC Framework end date is 7 <sup>th</sup> July 2024  Value: £12m per annum	Approval is being sought to extend the current CEC Residential Care and Special Schools Framework by 8 months, until 31 <sup>st</sup> March 2025.  Planning: PIN has been published, feedback and market engagement
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			<p>ongoing. ITT estimated before the summer.</p> <p>Reason for the extension request: changes to the internal Children's Services strategy, linking with the in-house improvement plan, joint commitment to keeping The Promise.</p>
Provision of Residential Care for young people (Services)	Single supplier Dean & Cauvin Trust	Contract end date is 31 <sup>st</sup> March 2024. Value: £0.9m per annum	<p>Approval is being sought to extend the contract by 12 months, until 31<sup>st</sup> March 2025, to align with the new Residential Care and Special Schools Framework (above)</p> <p>Planning – as above.</p>
Provision of Independent Advocacy for children and young people (Services)	Single supplier Who Cares? Scotland	Contract end date is 31 <sup>st</sup> March 2024. Value: £115k per annum	<p>Approval is being sought to extend the contract by up to 24 months, to 31<sup>st</sup> March 2026 depending on timescales associated with the Residential Care and Special Schools Framework (above) and allowing for a new tender exercise to be completed.</p> <p>Planning – Service engagement stage. The requirement is being reviewed and the scope widened to include Looked After at home children and young people.</p> <p>Reason for the extension request: as above this is due to the new service specification linking with the outcome of the Residential Care and Special Schools Framework and will allow for a tender exercise to be completed.</p>
Provision of School uniform for the school day (Goods)	Multiple providers	Current end date is 31 <sup>st</sup> March 2024 Value: £230k per annum	<p>Approval is being sought to extend the current provision as a departure from Contract Standing Orders by 12 months, until 31<sup>st</sup> March 2025.</p> <p>Planning – Market engagement stage. PIN being published. ITT estimated after the summer.</p>

			Reason for the extension request: Longer timescales required to secure best value.
Reporting & Parental engagement system for Early Years (Goods)	Single supplier Learning Journals	Current end date is 30 <sup>th</sup> June 2024 Value: £75k per annum	Approval being sought to extend the current provision as a departure from Contract Standing Orders by 24 months, until June 2026.  Planning – market research phase.  Reason for extension request: Due to complexities of implementation longer timescales are required.

- 4.9 A third strand of the work being undertaken relates to encouraging a consistent use of corporate terms and conditions in one-off agreements. The Commissioning Team has offered support to all schools and the individual teams across the Directorate to ensure that existing providers of services sign up to CEC corporate terms and conditions.
- 4.10 The main approach to tightening control and rationalising the supplier base to direct available resources to focus on quality assurance and performance, still requires teams in the Localities and Learning Communities to access services as appropriately and as flexibly as required. Multi-provider frameworks offer the flexibility the City of Edinburgh Council needs to meet the requirement timely, locally, and effectively within budget. This approach promotes the uniqueness of each child and their experience.
- 4.11 Over the last 9 months, two major flexible purchasing frameworks have been awarded to support the delivery of services for Children and Young People: [Sports and Physical Activities](#) and [Accredited Pathways and Certified Counsellors and Therapists](#).
- 4.12 Extensive co-production has been carried out for both projects which has enabled new small and micro-organisations to apply in a more flexible manner. The projects have been praised by the sector for the exceptional level of support provided by the Council during the engagement and application process.
- 4.13 Monitoring processes for these frameworks are being reviewed with the aim to coordinate the data on outcomes received from schools and recorded in their 2024/25 PEF plans. Senior Education managers are working with Commissioners to devise a standard form that captures how the Key Performance Indicators are being met and whether best value is being achieved.

## 5. Next Steps

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- 5.1 As the work progresses, the contract register will be updated regularly. Some of the changes being implemented from April 2024 may not yet be recorded. The link provided in paragraph 10.2 will apply when the update is released.
- 5.2 Early termination of contracts continues to be discouraged unless underperformance issues are evidenced. As agreed in the recommendations of the [November Education, Children and Families Committee report](#), if a recommendation is made to end a contract before its natural end, an Integrated Impact Assessment will be circulated to Education, Children and Families Committee Members for consideration.
- 5.3 Work will continue to prioritise our children, young people and their families, to ensure the limited resources are directed where the need is greatest. Statutory and critical services will continue to be protected, although the model of delivery may change. If so, when the decision is made, an Integrated Impact Assessment is completed prior to the implementation of the revised model.
- 5.4 Work is ongoing to develop a single monitoring format to build closer relationships with the providers, including the recipients of grant funding. The aim is to align the service provision with the need, through more detailed data collection and SIMD heatmaps.
- 5.5 Due to the ongoing organisational reviews in the Directorate, it is anticipated that changes may not be finalised until such reviews are completed.

## 6. Financial impact

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- 6.1 Contract reviews and new awards are being progressed within budgetary provision.
- 6.2 Extensions of the contracts in 4.8 will continue to be within budgetary provisions

## 7. Equality and Poverty Impact

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- 7.1 The impact of the contract extension on equality and human rights, environment and climate change, economy including socio-economic disadvantage is being assessed. Mitigating measures will be implemented where applicable.
- 7.2 Any impact of the ongoing commissioning strategy on equality and human rights, environment and climate change, economy including socio-economic disadvantage will be assessed and mitigating measures identified where applicable.

## 8. Climate and Nature Emergency Implications

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- 8.1 The City of Edinburgh Council declared a Climate Emergency in 2019 and committed to work towards a target of net zero emissions by 2030 for both city and corporate emissions and embedded this as a core priority of the City of Edinburgh

Council Business Plan 2023-27. The City of Edinburgh Council also declared a Nature Emergency in 2023.

- 8.2 Where climate change is identified as relevant to the procurement exercises described in this report, Service Providers will be required to complete a Climate Change Plan within their tender to provide evidence that their organisation is taking steps to build the awareness of the climate change emergency.

## **9. Risk, policy, compliance, governance and community impact**

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- 9.1 Any identified impact will be assessed, and mitigating measures implemented where applicable.

## **10. Background reading/external references**

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- 10.1 Commissioning and Contract Management update report, November 2023
- 10.2 Contract register published on City of Edinburgh Council website.

## **11. Appendices**

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N/A