

# Finance and Resources Committee

10.00am, Thursday, 16 January 2025

## Award of Framework Agreement for Children's Residential Care and Education

Executive/routine  
Wards

### 1. Recommendations

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- 1.1 It is recommended that the Finance and Resources Committee:
  - 1.1.1 Approves the award of a Framework Agreement for Children's Residential Care and Education and the appointment of 12 Framework Agreement Service Providers (as listed in section 2.2 of this report);
  - 1.1.2 Notes that the Framework Agreement shall commence on 1 April 2025 for an initial period of five years, with an option to extend for up-to a further three years, at the Council's discretion; and
  - 1.1.3 Notes that the estimated annual value of the Framework Agreement is up to £10,000,000, with a total maximum estimated value of £80,000,000, over the full Framework Agreement period, including optional extensions.

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## Award of Framework Agreement for Children's Residential Care and Education

### 2. Executive Summary

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- 2.1 The City of Edinburgh Council (the Council) requires a contract for the provision of residential care and independent special school education for the children and young people currently accommodated in these provisions and for those who may require this in the future.
- 2.2 This report seeks approval to:
- 2.2.1 award a three Lot Framework Agreement (Framework) for Children's Residential Care and Education which will commence on 1 April 2025, for an initial period of five years, with the option to extend for a further period of up to three years, undertaken at the sole discretion of the Council; and
  - 2.2.2 appoint the following 12 Service Providers to provide services under the Framework: Aberlour Child Care Trust, Action for Children, Applied Care and Development Limited, Capability Scotland, Care Visions Limited, CrossReach, Dean and Cauvin Young People's Trust, Dunedin School, Harmeny Education Trust Limited, Spark of Genius, Starley Hall School Ltd and The Donaldson Trust.

### 3. Background

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- 3.1 Children, Education and Justice Services vision is that all children and young people in Edinburgh should be enabled to live within their own families and communities and that they should be protected from harm and feel safe in the homes and communities in which they live.
- 3.2 Where children are unable to stay at home, the Council provide fostering and residential care in a safe and nurturing environment within Council resources.
- 3.3 In situations where an independent care or education placement is in the best interest of the child or young person, the Council would approach contracted Service Providers to support the delivery of this statutory service. Effective contracting arrangements are therefore essential in ensuring that suitable facilities are available to those who need it.

- 3.4 To this end the Council established a Framework for these services in 2020, which is due to expire in April 2025. Establishing this Framework enabled the Council to increase the consistency in the services provided to children and young people via placements and achieve best value, as well as control over costs.
- 3.5 Over the last few years, the number of children and young people being accommodated has reduced from a heightened demand in 2021. The Council continues to build on this progress through Edinburgh's My Home Strategy, maximising opportunities for early help via the Edge of Care service and Family Group Decision Making to avoid family care arrangements breaking down.
- 3.6 The existing placements called off under the current Framework will be carried forward onto the new Framework as 'legacy placements'.

## **4. Main report**

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- 4.1 Commercial and Procurement Services (CPS) issued a Prior Information Notice (PIN) on 20 December 2023, inviting potential Service Providers to attend a Provider Event.
- 4.2 The Provider Event took place on 31 January 2024 for the purposes of:
  - 4.2.1 gathering the views of potential Service Providers in relation to the specification, Framework structure and the approach to the procurement process; and
  - 4.2.2 communicating the Council's plans with regards to re-tendering the existing Framework.
- 4.3 39 people attended the Provider Event on behalf of approximately 20 Service Providers and 21 clarification questions/suggested improvements to the specification were submitted.
- 4.4 The Framework was modelled to consist of the following three Lots:
  - 4.4.1 Lot 1 - Provision of Residential Care;
  - 4.4.2 Lot 2 - Provision of Education; and
  - 4.4.3 Lot 3 - Provision of Residential Care & Education integrated service.
- 4.5 Service Providers applying for Lot 3, were required to also apply for either or both Lot 1 and Lot 2, as a child or young person's needs may alter over the course of the placement and the integrated service might not be required.
- 4.6 The Council undertook a Competitive Procedure with Negotiation in accordance with the Public Contracts (Scotland) 2015 Regulations.
- 4.7 The Competitive Procedure with Negotiations consisted of the following stages:
  - 4.7.1 Stage One - Single Procurement Document (SPD) Scotland Pre-Qualification Stage. This stage commenced on 28 June 2024 with a closing date of 6 August 2024. The SPD required Bidders to respond to pre-qualification

questions relating to matters such as financial stability and insurance, as well as confirming that they meet contract specific mandatory criteria such as capacity to deliver the proposed services, within the city boundaries or within a maximum 50-mile radius (as further detailed in section 9.4). 19 Service Providers completed the SPD and following evaluation 13 Service Providers were shortlisted to proceed to Stage Two.

4.7.2 Stage Two - First Tender Stage. This stage commenced on 21 August 2024 with a closing date of 25 September 2024. All 13 Service Providers were invited to submit a Tenderer's Submission and Pricing Schedule and 12 responded.

4.7.3 Stage Three - Negotiation Period. This stage commenced in October 2024 for a period of three weeks. All 12 Service Providers who responded to Stage two attended individual negotiation meetings to discuss a Framework wide position in relation to aspects of the services, as well as discuss pricing, margins and affordability of legacy placements.

4.7.4 Stage Four - Final Tender Stage. This stage commenced following the conclusion of negotiations, with a closing date of 13 November 2024. All 12 Service Providers from Stage 3 were requested to submit a final Pricing Schedule as well as any amendments to their original Quality submission, in consideration of the negotiations.

4.8 A cost: quality ratio of 40:60 was applied to the final tenders received in stage four of the process, reflecting an emphasis on the requirement for a high-quality service but also considering the importance of achieving value-for-money.

4.9 A minimum quality threshold of 50% was applied with the Council having discretion to disqualify Providers who did not achieve this threshold, as well as the requirement for a minimum grade of 'Good' from the Care Inspectorate and Education Scotland.

4.10 Following evaluation, it is recommended that all 12 Service Providers are appointed to the Framework as follows:

4.10.1 Lot 1 (Provision of Residential Care) will feature 9 Service Providers,

4.10.2 Lot 2 (Provision of Education) will feature 7 Service Providers,

4.10.3 Lot 3 (Provision of Residential Care & Education integrated service) will feature 7 Service Providers.

4.11 It is anticipated that the Framework Agreement will commence on 1 April 2025 for an initial period of five years, with the option to extend for a further period of up to three years in twelve-month intervals.

4.12 A summary of the tendering and tender evaluation process is contained within Appendix 1 of this report and an overview of the Tender Evaluation Ranking is included at Appendix 2.

- 4.13 When placing a child through the Framework, priority will always be given to the suitability of the service offered to meet the needs of the children and young people.
- 4.14 Service Providers are ranked for each Lot, based on their score from the Tender Evaluation. Therefore, where appropriate, the Council will approach the highest ranked supplier within each lot to make a referral.

## **5. Next Steps**

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- 5.1 Upon approval by the Finance and Resources Committee, contracts will be awarded to the recommended Service Providers.
- 5.2 This Framework will be managed by Children, Education and Justice Services via the Commissioning Team, who will monitor Outcomes for the Child and Young People and further Key Performance Indicators and Community Benefits.
- 5.3 The Contracts and Grants Management team (CAGM) will provide support to the Commissioning Team, who will ensure that effective contract management is delivered throughout the lifecycle of the Framework and a Contract Management and Handover report, detailing the necessary steps and measures, will be produced and agreed.
- 5.4 Dedicated contract management processes will apply to every placement (care, education and integrated care/education) and will include a review of the child or young person assessed needs and risk.

## **6. Financial impact**

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- 6.1 The total value of the Framework Agreement is estimated at £10,000,000 per annum over the Framework Agreement period, with spend ranging between £8,000,000 and £12,000,000.
- 6.2 Since 2022/23 the Council have reduced the number of children in independent placements and it is envisaged that the number of placements will continue to drop, supported by our strategy to ensure that children are supported in their local communities.
- 6.3 Where an independent placement is in the best interest of the children and young people, this will continue to be within 50 miles of Edinburgh, to enable wraparound care and support in the wider community, access to local resources and reduction of associated costs for travel and family connections.
- 6.4 It is anticipated that over the lifetime of this Framework Agreement, implementation of this strategy will reduce the spend on the Framework down to £8,000,000 per annum from year 4 of the framework.
- 6.5 This is a statutory service funded via core budgets within Education and Children's Services. Prices and placement costs from each recommended Service Provider vary considerably depending in the service they deliver.

- 6.6 The Framework Procurement Strategy highlighted a risk that prices could rise by up to 15-20%, due to the market re-baselining after several years of reduced fees and to bring rates in line with the national framework.
- 6.7 On average there is a 4.85% increase in the prices previously on the Council's framework for legacy placements.
- 6.8 Benchmarking against the national framework suggests that some services are less expensive. As a result of the negotiations, the Service Providers requested increases came down by 5%. While the negotiations helped to contain the overall increase, this was partly offset by some suppliers slightly increasing prices from Stage 3 following the UK Governments budget announcement to raise employers NICs contributions from April 2025.
- 6.9 The contract pricing is fixed for the first 12-months of the year from contract start date, thereafter the Service Provider's acceptance pricing schedule will be reviewed annually to consider changes to the Consumer Price Index, or 2.5%, whichever is lower.
- 6.10 Consideration was given in negotiations to individual circumstances like the withdrawal of Scottish Government grant for the current Grant-aided schools (GAS); these have been captured within the potential contractual arrangements.
- 6.11 The costs associated with procuring this contract are estimated from £20,001-£35,000.

## **7. Equality and Poverty Impact**

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- 7.1 The impact of the Framework on equality and human rights, environment and climate change, and the economy including socio-economic disadvantage was assessed as part of the Integrated Impact Assessment. Mitigating measures were implemented where applicable.
- 7.2 All Framework Service Providers will be subject to quarterly data submission and six-monthly monitoring meeting. This will ensure any potential issue is captured and addressed in a timely manner.
- 7.3 The recommended Service Providers will be required to comply with the equalities related obligations laid down in the Specification and the Framework Terms & Conditions.
- 7.4 Any impact of the ongoing contract management activities 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 As a public body, the Council has statutory duties relating to climate emissions and biodiversity. The Council

*“must, in exercising its functions, act in the way best calculated to contribute to the delivery of emissions reduction targets”*

(Climate Change (Emissions Reductions Targets) (Scotland) Act 2019), and

*“in exercising any functions, to further the conservation of biodiversity so far as it is consistent with the proper exercise of those functions”*

(Nature Conservation (Scotland) Act 2004)

- 8.2 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 Council Business Plan 2023-27. The Council also declared a Nature Emergency in 2023.
- 8.3 All 12 recommended Service Providers have outlined the basis of climate considerations and actions associated with delivery of this contract, through the return of a climate change plan and an evaluated environment question within their tender.
- 8.4 These will be managed through Contract Management activities within Children, Education and Justice Services.

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

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- 9.1 The Framework recommended for award is compliant with procurement regulations and the Contract Standing Orders (CSOs), thereby reducing the risk of legal challenge relating to Contractual arrangements.
- 9.2 Although Children, Education and Justice Services expect the number of children accommodated in independent provisions to continue to drop, the requirement for independent residential and educational capacity is still critical to meet the Council's statutory duties.
- 9.3 Rejecting this award would risk a delay in meeting those statutory duties and impact the safeguarding of children and young people currently in care, as well as risk impacting on budget with the associated additional costs to procure current placements via alternative frameworks.
- 9.4 Bidders were required to provide evidence of their capacity to deliver the proposed services, within the city boundaries or within a maximum 50-mile radius. The aim of this change, from a national delivery model, was to minimise the distance children and young people are placed away from their families and social connections, in line with the values of the Promise, the residential care improvement plan, the Edinburgh Children's Partnership Children's Plan and Edinburgh's My Home.
- 9.5 The Council relies on collaboration with the Care Inspectorate and Education Scotland for ongoing monitoring of compliance with required standards and statutory obligations.

- 9.6 All Service Providers have passed financial assessments and agreed to Terms and Conditions which minimises any risk to the Council.
- 9.7 The recommended Service Providers have committed to:
- 9.7.1 pay staff engaged in the delivery of the Framework as least the Real Living Wage;
  - 9.7.2 to the inclusion of a [standard clause](#) in any sub-Contracts used in the delivery of the Framework, ensuring payment of sub-Contractors at all stages of the supply chain within 30 days and include a point of contact for sub-Contractors to refer to in the case of payment difficulties; and
  - 9.7.3 deliver the Community Benefits as submitted and evaluated within their Tender submissions.

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

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- 10.1 [Item 6.1 - The Edinburgh Childrens Partnership Plan.pdf](#)
- 10.2 [corporate-parenting-plan-2023](#)
- 10.3 [The Promise](#)
- 10.4 [children-s-services-strategy-2024-2027-](#)
- 10.5 [Item 7.7 - Childrens Services Improvement Plan and Edinburgh Residential Services Improvement Plan.pdf](#)
- 10.6 [Edinburgh's My Home Strategy](#)

## **11. Appendices**

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Appendix 1 – Tender Summary

Appendix 2 – Tender Outcome

## Appendix 1 – Summary of Tendering and Tender Evaluation Process

<b><u>Lot 1 - Provision of Residential Care</u></b>		
Contract Period	April 2025 for an initial period of five years, with the option to extend for a further period of up to 36 months (5 + 1 + 1 + 1)	
Estimated Contract Value (including extensions)	The estimated annual value of the Framework Agreement is up to £10,000,000, with a total maximum estimated value of £80,000,000.	
Procurement Route Chosen	Competitive Procedure with Negotiations	
Tenders Returned	9	
Name of Recommended Supplier(s)	Aberlour Child Care Trust, Action for Children, Applied Care and Development Limited, Capability Scotland, Care Visions Limited, CrossReach, Dean and Cauvin, Spark of Genius, and Starley Hall School.	
Price / Quality Split	<b>Price 40%</b>	<b>Quality 60%</b>
Evaluation criteria and weightings	<b>Price</b>	<b>40%</b>
	To encourage competitive rates a cost ratio of 40% has been established.	
	<b>Quality</b>	<b>60%</b>
It is essential that the quality is of a high standard, therefore the driving factor is quality, to further protect this element a minimum quality threshold was applied.		
Questions asked were:		
Voice		<b>15%</b>
Family		<b>15%</b>
Care		<b>15%</b>
People		<b>15%</b>
Scaffolding		<b>15%</b>
Contract Management		<b>10%</b>
Community Benefits		<b>5%</b>
Sustainability/Environment		<b>5%</b>
Fair Works Practices		<b>5%</b>
Evaluation Team	<b>3 Council officers</b>	

<b>Lot 2 - Provision of Education</b>		
Contract Period	April 2025 for an initial period of five years, with the option to extend for a further period of up to 36 months (5 + 1 + 1 + 1)	
Estimated Contract Value (including extensions)	The estimated annual value of the Framework Agreement is up to £10,000,000, with a total maximum estimated value of £80,000,000.	
Procurement Route Chosen	Competitive Procedure with Negotiations	
Tenders Returned	7	
Name of Recommended Supplier(s)	Applied Care and Development Limited, Capability Scotland, Dunedin School, Harmeny Education Trust Limited, Spark of Genius, Starley Hall School, and The Donaldson Trust.	
Price / Quality Split	<b>Price 40%</b>	<b>Quality 60%</b>
Evaluation criteria and weightings	<b>Price</b>	<b>40%</b>
	To encourage competitive rates a cost ratio of 40% has been established.	
	<b>Quality</b>	<b>60%</b>
	It is essential that the quality is of a high standard, therefore the driving factor is quality, to further protect this element a minimum quality threshold was applied.	
	Questions asked were:	
	Voice	<b>15%</b>
	Family	<b>15%</b>
	Care	<b>15%</b>
	People	<b>15%</b>
	Scaffolding	<b>15%</b>
	Contract Management	<b>10%</b>
	Community Benefits	<b>5%</b>
	Sustainability/Environment	<b>5%</b>
	Fair Works Practices	<b>5%</b>
Evaluation Team	<b>3 Council officers</b>	

<b><u>Lot 3 Provision of Residential Care &amp; Education integrated service</u></b>		
Contract Period	April 2025 for an initial period of five years, with the option to extend for a further period of up to 36 months (5 + 1 + 1 + 1)	
Estimated Contract Value (including extensions)	The estimated annual value of the Framework Agreement is up to £10,000,000, with a total maximum estimated value of £80,000,000.	
Procurement Route Chosen	Competitive Procedure with Negotiations	
Tenders Returned	7	
Name of Recommended Supplier(s)	Aberlour Child Care Trust, Applied Care and Development Limited, Capability Scotland, CrossReach, Harmeny Education Trust Limited, Spark of Genius, and Starley Hall School	
Price / Quality Split	<b>Price 40%</b>	<b>Quality 60%</b>
Evaluation criteria and weightings	<b>Price</b>	<b>40%</b>
	To encourage competitive rates a cost ratio of 40% has been established.	
	<b>Quality</b>	<b>60%</b>
	It is essential that the quality is of a high standard, therefore the driving factor is quality, to further protect this element a minimum quality threshold was applied.	
	Questions asked were:	
	Voice	<b>15%</b>
	Family	<b>15%</b>
	Care	<b>15%</b>
	People	<b>15%</b>
	Scaffolding	<b>15%</b>
	Contract Management	<b>10%</b>
	Community Benefits	<b>5%</b>
	Sustainability/Environment	<b>5%</b>
	Fair Works Practices	<b>5%</b>
Evaluation Team	<b>3 Council officers</b>	

## **Appendix 2 – Tender Outcomes**

### **Lot 1**

Provider	Rank
Capability Scotland	1
Dean and Cauvin	2
Aberlour	3
Spark of Genius	4
Action for Children	5
CrossReach	6
Care Visions	7
Applied Care	8
Starley Hall	9

### **Lot 2**

Provider	Rank
Spark of Genius	1
Dunedin	2
Applied Care	3
Donaldson Trust	4
Capability Scotland	5
Starley Hall	6
Harmeny	7

### **Lot 3**

Provider	Rank
Capability Scotland	1
Aberlour	2
Spark of Genius	3
Harmeny	4
Starley Hall	5
Applied Care	6
CrossReach	7