



**London Borough of Hammersmith & Fulham**

**CABINET**

**2 FEBRUARY 2015**

**FRAMEWORK AGREEMENT FOR SEMI-INDEPENDENT LIVING SERVICES**

**Report of the Cabinet Member for Children and Education – Councillor Sue Macmillan**

**Open Report**

**Classification - For Decision**

**Key Decision: Yes**

**Wards Affected: All**

**Accountable Executive Director:** Andrew Christie, Executive Director for Children's Services

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**1. EXECUTIVE SUMMARY**

- 1.1. The Council provides semi-independent living services to enable young people to make a successful transition from being looked after to becoming a care leaver and then on to living independently. A Project Group of key stakeholders has reviewed current arrangements and developed a Semi-independent Living Commissioning Strategy for Looked After Children aged 16 / 17 and Care Leavers that will deliver improved quality and outcomes for this cohort.
- 1.2. The Cabinet Member for Children and Education agreed in October 2014 for commissioners to continue developing a procurement strategy for additional Semi-independent Placements to complement the 71 units of in-borough accommodation and support for Looked After Children aged 16/ 17 and Care Leavers aged 18 – 24.

- 1.3. This report seeks approval to tender that framework agreement and delegate relevant awards.

## **2. RECOMMENDATIONS**

- 2.1. That approval be given to undertake a tender exercise for a Multi-Supplier Framework Agreement for Semi-independent Living Services for LAC 16+ and Care Leavers;
- 2.2. That approval be given to name the Royal Borough of Kensington and Chelsea and Westminster City Council as participating authorities on the framework.
- 2.3. That the Leader of the Council and the Cabinet Member for Children and Education appoint suppliers onto the Framework for Semi-independent Living Services in line with the procurement process outlined in this report up to a maximum value of £5,000,000 (in excess of this figure the decision will be for full Cabinet).
- 2.4. That Cabinet delegate to the Cabinet Member for Children and Education the authority to enter into call-off contracts, with no volume guaranteed with all providers appointed to the framework agreement.
- 2.5. That Cabinet delegate to the Executive Director of Children's Services authority to issue individual placement agreements with call-off providers in line with section 24 of the Councils Contract Standing Orders.

## **3. REASONS FOR DECISION**

- 3.1 The Council has a statutory duty to support young people leaving care through the Children (Leaving Care) Act 2000. As a result, the Council has a duty to provide a range of semi-independent living services for Looked After young people aged 16 – 18 and Care Leavers aged 18 – 24. The purpose of these services is to work with young people to build a range of life skills within a supportive environment which enables them to make a successful transition from being looked after to becoming a care leaver and then on to living independently.
- 3.2 In order to ensure improved service quality for care leavers as this is an unregulated market but a key focus of inspections undertaken by Ofsted. The delegations will also enable identified service efficiencies as detailed in the Councils 2015/16 Medium Term Financial Strategy, commissioners are seeking delegations in order to ensure that the Framework is live for 1<sup>st</sup> July 2015.

## **4. BACKGROUND**

- 4.1 Semi-independent living refers to the provision of supported accommodation and one-to-one key worker support for young people leaving care to enable a smooth transition into independent living as an adult. It supports the duty of the local authority to provide services, including the provision of suitable accommodation, to Relevant and Former Relevant children to the age of 21 (or 25 if pursuing a programme of education or training).
- 4.2 Current provision is varied across the borough in terms of need, quality and models of service delivery. The Council places many young people in borough through block contracts with Supporting People Housing providers. The commissioning responsibilities for these providers are split to varying degrees between Children's Services and Adult Social Care. Additional and out-of-borough placements are spot purchased as required from private and voluntary providers by the Placements Team in the Children's Services Commissioning Directorate. It is an unregulated market in which quality and price varies hugely.
- 4.3 It was recognised that the authority needed to improve the quality of the provision being used but could also make significant savings in the area through improved commissioning. Children's Service initiated a review of current arrangements for semi-independent living (SIL) for Looked After Children aged 16+ and Care Leavers in the London Borough of Hammersmith & Fulham in early 2014. Our aim through the review was to develop a consistent approach to the commissioning and utilisation of semi-independent placements, providing a continuum of support for young people from leaving care to living independently in the community.
- 4.4 This final Commissioning Strategy was developed in collaboration with other departments including social workers from Family Services, Adults Social Care, Housing and legal services, young people and providers, with key engagement activities mapped out in Appendix B. The Commissioning Strategy proposes for new semi-independent living arrangements to be implemented from 2015.
- 4.5 The service primary objective is to ensure Care Leavers in Hammersmith and Fulham are placed in safe and instructive semi-independent supported accommodation that is most suited to their requirements and represents best value to the Council. The accommodation will provide young people with the understanding and life skills required to move on to independent living in the community when appropriate.
- 4.6 It is projected that over the next 5 years, the Council will need to provide provision for between 116-121 Care Leavers at any one time. Through agreements with a number of Registered Social Landlords, 71 units of accommodation are made available to the Council within the borough. This accommodation can provide for approximately 60% of the borough's care leavers. In addition to this the Council will need to ensure there is sufficient capacity for the additional 40% of the borough's requirements.

4.7 Commissioners examined a number of contracting options in order to propose the best option for the Council of delivering the commissioning intentions set out in the strategy. Commissioners believe this is best done via the following:

(i) the Council enter into a block contract for the 71 units of in-borough accommodation delivering 60% of the Council's need. The Cabinet Member for Children and Education and the Cabinet Member for Health and Adult Social Care agreed in October 2014, that commissioners should tender a block contract for the 71 units of in-borough accommodation via LOT 6 of the West London Housing Related Support Framework 2012-16. The tender was published on 11<sup>th</sup> November 2014 and closed on 2<sup>nd</sup> January 2015

(ii) establish a Framework Agreement for additional SIL placements delivering the remaining 40% of the Council's requirement. The Cabinet Members also agreed that commissioners should prepare a detailed report for Cabinet on the establishment of a Framework for the remaining 40%. This report seeks approval to proceed to procurement to establish that Framework.

4.8 Appendix A gives an overview of the commissioning strategy.

## 5. THE FRAMEWORK

5.1 There are circumstances where it is not possible for a Care Leaver to be placed in supported accommodation using the block provision. Firstly, as an Inner London local authority, there is limited capacity for placements located in the borough. In addition, there could be safeguarding issues preventing a young person from remaining in the borough, or if a young person was placed in care outside of the borough, they may wish to remain in that area after leaving care.

5.2 It is recommended that a framework agreement is established to commission additional semi-independent living placements located in Greater London. This would replace spot purchasing as the current main contracting approach to placements from the private and voluntary sector. It is anticipated that 45 - 50 FTE SIL placements per annum would be commissioned by Hammersmith and Fulham from the Framework Agreement.

5.3 A framework agreement would include a core of semi-independent living providers and establish the underlying standards, service specification, terms and conditions for all placements commissioned through it. It would also fix the unit costs from each provider, which would be submitted as part of the procurement process. The Placements Team would subsequently 'call off' placements for individual young people, specifying any particular requirements to tailor the service to their needs.

5.4 The advantages of a Framework Agreement include:

- Working with a smaller number of providers in the framework agreement allows the Council to build a more collaborative working relationship. This improves

outcomes for young people over time by encouraging more efficient resolution of issues and greater investment into services by providers;

- It provides a more robust approach to quality when commissioning placements, as consistent standards, terms and conditions are set out throughout the one-off procurement process and stated in the Framework Agreement;
- It continues to ensure flexibility in specifying service requirements to meet the needs of individual young people when calling off from the framework;
- Call off arrangements also provide choice and flexibility for commissioners when identifying the most suitable placements for individual young people;
- It allows Commissioners to be responsive to the fluctuating service volumes of the Care Leaver cohort;
- It provides a more robust approach to managing costs and budgets, as unit costs are set through the one-off procurement process which establishes the Framework Agreement;
- Given the considerable amount of spend on current spot purchasing arrangements, it ensures the Council are meeting the procurement standards set out in the Contract Standing Orders;
- By reducing the resource requirement of identifying and negotiating placements, it releases capacity in the Placements Team to focus on monitoring placement quality;

5.5 In 2013/14, additional SIL placements were purchased from a total of 29 different providers. By rationalising our use of the market through the Framework Agreement, we will be able to build more collaborative partnerships with providers and deliver better quality services to our young people. However, a number of organisations currently providing placements to the Council, including SMEs, may not do so in the future if they do not meet the SIL quality standards set down in the proposed tender. The market for these types of services is mainly made up of SMEs, taking this into account commissioners have developed a procurement strategy that encourages the participation of SMEs in the tender by adopting the four stage process set out at 6.8 of this report. The SIL quality standards are not designed to exclude participation in the tender by any organisation, but instead ensure that our care leavers are placed in suitable accommodation (as set out in statutory guidance) and have a competent workforce that will deliver good outcomes to our most vulnerable young people.

5.6 It is recommended that the Royal Borough of Kensington and Chelsea and Westminster City Council are named as participating authorities on the Framework. This will allow these authorities to access the framework via an access agreement. The framework will maintain the sovereignty of each borough. Each borough would undertake individual call-offs from the framework, in which they will be responsible for and issue their own placement contract for each young person.

5.7 The benefits of naming other local authorities as participating authorities on the framework are:

- Improved ability to manage the market.
- The Council will be able to derive additional financial benefits through cost and volume discounts.
- The Council will have a larger pool of providers to work with.

## 6. PROCUREMENT PROCESS

- 6.1 It is proposed that the Framework Agreement for additional SIL placements is procured using the open tendering procedure following all EU Procurement Regulations for Part B services and other requirements. This is because:
- A large number of suppliers are required for the Framework Agreement;
  - An open tendering procedure provides the best opportunity for all suppliers to access the Framework Agreement;
  - An open tendering procedure takes into account the immaturity of the market and reduces the burden on suppliers with little tendering experience.
  - An open tender also ensures that SMEs are not excluded from tendering at the qualification stage, allowing them to potentially be evaluated on their service delivery.
- 6.2 The Framework Agreement will be issued for four years from 1<sup>st</sup> July 2015 to 30<sup>th</sup> June 2019.
- 6.3 The Framework would be split into 4 Lots:

Category	Category Description	Number of Providers
Generalist	General accommodation-based support services to enable the transition into independent living. The types of support and number of hours to achieve the outcomes required by each young person will vary. Providers in the generalist lot will be expected to provide tailored packages of support to meet the requirement of young people in each of their supported accommodation properties.	Max 20 providers

Remand into Care	Supported accommodation as a result of being remanded into care, or other Care Leavers who are involved in the criminal justice system. Providers will supply an enhanced level of high support, including 24 hour accommodation.	Up to 20 providers
Specialist	Care Leavers that have additional needs that are more difficult to address, including those who misuse substances, those with mental health issues and those with learning difficulties.	Max 5 providers
Parent & Child	Care Leavers with a young child or children. Providers will supply accommodation and support which ensures parents can live in a safe and secure environment with their child. Providers will supply a support package that enables positive parenting and supports the family's transition into independent living.	Max 5 providers

- 6.4 Across the framework there will be a maximum of thirty providers across all the 4 lots set out in 6.3. The generalist and remand lots on the Framework Agreement will each be divided into two equal tiers, up to 10 providers in each tier. The specialist and parent/child lots will each be one tier of up to 5 providers in each.
- 6.5 LBHF will be the Lead Contracting Authority for the Framework Agreement. It is proposed that RBKC and WCC be named participating authorities on the Framework and will be able to access the Framework via an access agreement. The sovereignty of each borough will be protected through the issue of individual call-off placement contracts for each young person. The benefits of this are set out at paragraph 5.7 of this report.
- 6.6 A core service specification for the Framework will be developed by commissioners building on the feedback from young people, and will include the following key service features:

- **Focus on outcomes** – The SIL Outcomes Framework will be at the core of the service specifications, with providers required to evidence how support hours have been used to achieve the relevant outcomes for each young person.
  - **Key worker support requirements** – To complement the focus on outcomes, the service specifications will detail the main activities of key worker support that the local authorities and young people will expect from providers.
  - **Placement resilience** – To help reduce placement moves, the service specifications will require the provision of an integrated support offer, with services adjusted to reflect the progress of each young person towards independence. Providers will also commit to a prevention of eviction approach to improve placement resilience.
  - **Minimum quality standards** – Detailing what the local authorities and young people can expect from providers with regards to accommodation and workforce, in order to ensure quality service from an unregulated market.
  - **Robust contract monitoring arrangements** – In order to ensure that semi-independent living providers are effectively delivering the services required by young people; the service specifications will provide a clear and consistent approach to monitoring services, including reporting requirements and approaches for collaborative service development.
  - **Housing Benefit** – The service specifications will clearly state that the local authorities are not liable for the payment of rents for young people aged 18 or over, in order to ensure providers support young people to successfully make claims for housing benefit.
  - **Placement process and move-in** – The service specifications will outline the expectations of the placement process, including referral information and move-in requirements, incorporating what we have learned from young people, providers and practitioners.
  - **Move-on** – In order to enable a clear and consistent approach to move-on arrangements, the specifications will include details on planning and facilitating effective move-on.
  - **Young people’s involvement** – There will be a requirement for service providers to involve young people placed in their properties in the ongoing monitoring and development of services, in order to ensure continuous improvement over the length of the contract arrangements.
- 6.7 The Framework tender opportunity will be advertised and managed to completion via the CapitalE-sourcing online system (Hammersmith and Fulham’s procurement portal). In addition, commissioners will directly inform current providers, co-ordinate market engagement events and use relevant networks to inform the market of the opportunity.
- 6.8 As these services will be delivered to some of our most vulnerable young people, commissioners are keen to build in quality assurance mechanisms throughout



the procurement process. Care Leavers will form part of the evaluation team for Stage 2 – Quality. The procurement will be undertaken using the Open procedure, with tender submissions evaluated using a three stage process:

- **Stage One – Minimum requirements:** Providers must demonstrate they meet the qualifications, skills, knowledge, experience, financial standing and minimum quality standards specified in order to pass to the next stage;
- **Stage Two – Quality:** This stage will be split into two parts:
  - **Quality stage 1:** Providers will be assessed against the agreed technical criteria. Providers must meet a minimum threshold of 60% score on quality in order to pass to the next stage. Commissioners will also reserve the right to remove from further consideration any provider scoring 1 or below on any individual technical criteria. Technical questions will be set against the following themes:
    - Personalisation
    - Outcomes
    - Collaboration
    - Safeguarding
  - **Quality stage 2:** Commissioners will undertake site visits of those providers who meet the minimum threshold of 60% for quality stage 1 to ensure quality standards are to the required levels.
- **Stage Three – Price:** Providers meeting all the quality requirements thresholds of Stages 1 and 2 will be assessed against the agreed commercial criteria, with the lowest price provider being awarded the maximum score.

- 6.9 The marks for quality and price will be combined according to a 60% price 40% quality weighting to give an overall score and ranking. The high thresholds for passing Stages One and Two will exclude any unsuitable providers and assure the quality of service provision. Commissioners therefore believe that the slightly higher weighting for price in the final scoring will allow the local authorities to ensure value for money without compromising the high quality of services required.
- 6.10 The providers ranked highest in the evaluation, up to the maximum number specified for each lot at 6.3, will be successful in the appointment to the Framework Agreement. The prices for individual placements will be set at the prices submitted by each provider during the tendering process and these will be applied to call-offs.
- 6.11 The terms of the Framework Agreement will not involve a contractual commitment on either side for the purchase or provision of any particular quantity of service.
- 6.12 A procurement timetable can be found at appendix C of this report

## **7. CALLING OFF FROM THE FRAMEWORK**

- 7.1 Following the award of the Framework, participating authorities will be able to enter into call-off agreements with the providers.
- 7.2 It is recommended that Hammersmith and Fulham enter into no-volume call off contracts with each of the successful providers. No-volume call-off contracts allow the Council to enter into formal contracts with providers, without the need to purchase any services. By doing so the Council will be able to efficiently issue individual placement agreements and ensure that care leavers are in suitable accommodation more speedily.
- 7.3 It is recommended that the issuing of individual placements agreements is delegated to the Executive Director of Children's Services in line with section 24 of the Contracts standing orders.
- 7.4 The process for issuing individual placement agreements from the Framework will be as follows:
- When a placement need is identified and funding has been confirmed, the Placements Officer will send the referral form to all providers in Tier One of the relevant lot.
  - Once the deadline has passed, the Placements Officer will review the placement offers. The placement will be awarded to the offer submitted to the provider with the lowest price, provided the offer is a suitable match.
  - If no offers are submitted from Tier One due to a lack of capacity at the time or unsuitability of placement, the referral form will be sent to all providers in Tier Two (if applicable) and the process is repeated;
  - Once a matching placement has been identified, the Placements Officer will confirm the placement with the provider and complete an Individual Placement Agreement (IPA).

## **8. CONSULTATION**

- 8.1 All key stakeholders were extensively engaged and involved in the development of the SIL Commissioning Strategy. Key engagement activities are mapped out in Appendix B.
- 8.2 The project established a short life working group of care leavers to work with commissioners on the design of the strategy. The group met on three occasions to discuss a range of topics, which included review of current arrangements, design of outcomes and future delivery, such as what to expect in your first week and key skills. The final session focused on how care leavers can be involved in the procurement process. The work developed through this group helped shape the recommendations in the commissioning strategy.
- 8.3 Over 40 people from 26 different organisations attended a service development engagement event in June. A further market engagement event was held on 22

September which was attended by 36 people from 28 different potential providers.

## **9. EQUALITY IMPLICATIONS**

- 9.1 From initial assessments, there will be no adverse impact of the SIL Commissioning Strategy on certain groups. There is no projected reduction in commissioned placements affecting access through the strategy. It is in fact aimed for there to be an increase in the quality of placements.

## **10. LEGAL IMPLICATIONS**

- 10.1 It is the duty of the Local Authority to provide services, including the provision of suitable accommodation, to both Looked After Children [s22A Children Act 1989] and Relevant Children i.e. those aged 16 and 17 who have left care and where to do so is necessary to safeguard and promote welfare [ s23B CA1989]. When a young person becomes an adult at age 18 the duty to him or her as a Former Relevant Child continues until s/he attains the age of 21 and, if pursuing a programme of education or training, until s/he attains the age of 25 [s23C; s23CA CA1989].
- 10.1 Implications confirmed by Jade Monroe, Senior Solicitor (Social Care and Education), Legal Services, ext. 2695.
- 10.2 These are Part B services under the Public Procurement Regulations 2006 as amended and not subject to full rigour of the Regulations. Nevertheless it is essential to fulfil transparency duties and in this context undertaking the competitive procurement under an Open Procedure for setting up the Framework as is proposed will be in compliance of the Council's obligations.
- 10.3 Implications confirmed by Babul Mukherjee, Solicitor (Contracts), Legal Services, tel. 020 763 3140.

## **11. FINANCIAL AND RESOURCES IMPLICATIONS**

- 11.1 In 2013-14 62 FTE placements were procured by Hammersmith and Fulham through spot purchase arrangements at a total cost of £2.09m with an average cost per bed night of £92. It is anticipated that 45 - 50 FTE SIL placements per annum would be commissioned by Hammersmith and Fulham from the Framework Agreement. Based on a projected cost per placement of £54 per bed night and 50 FTE placements the annual expenditure through the Framework Agreement is anticipated to be circa £985k. Allowing for rent inflation, the borough's anticipated spend through the Framework over the four years is £4.2m.

- 11.2 It is further anticipated that the participating authorities will commission up to £4.5m through the Framework over the four year period, if they choose to call-off from it.
- 11.3 Therefore the total spend through the Framework across the three boroughs and over the four year period is anticipated to be in the region of £8.7m.
- 11.4 The lower unit costs delivered by the Framework will be generated by;
- The Framework's housing benefit policy, ensuring that the local authorities are not liable for the payment of rents for young people aged 18 and above where housing benefit should be claimed.
  - A clearer definition of the entitlement of support hours for Framework placements.
  - Lower prices through cost and volume discounts in conjunction with participating authorities and more collaborative arrangements with suppliers.
  - Robust contract monitoring arrangements and clear and consistent move-on arrangements.
- 11.5 In conjunction with the agreement that commissioners should tender a block contract for 71 units, thus reducing the spot purchasing requirement, the SIL Commissioning Strategy is anticipated to generate savings of between £500k and £1m per annum for Hammersmith and Fulham which is projected through cost modelling using market data. The final figure will be confirmed once the tender exercises are completed. However officers have identified £500k as the expected minimum saving to be achieved through the delivery of the SIL commissioning strategy.
- 11.6 The savings will contribute to bringing spend in line with budget as well as enabling the achievement of £100k savings proposed in the 2015/16 MTFS.
- 11.7 Implications provided by: Alex Pygram, Finance Officer, Children's Services (tel. 020 7361 2624) and verified by Tony Burton, Finance Lead – Children's Commissioning (tel. 020 7641 2462).

## **12. PROCUREMENT AND IT STRATEGY IMPLICATIONS**

- 12.1 The report identifies improvements in how the Council could place young people leaving care into new accommodations, and in how services aimed at facilitating semi-independent living for these care-leavers could be delivered in future; improvements both in cost and efficiency of process and in the quality of outcomes delivered for young people. The report seeks approval for a commissioning and procurement strategy to bring these improvements about,

alongside better management of the future supply-side via creation of a framework contract.

- 12.2 Normally, given the financial values involved, award of suppliers on to such a framework would be a Cabinet Key Decision under the Council's Financial Regulations and Contracts Standing Orders (CSOs). However, where Cabinet believe waivers and the delegation of decisions are justified, for examples on grounds of urgency or because they are in the Council's overall interests, Cabinet can approve these, so long as the Key Decision to waive CSOs and delegate the award decision is made prior to the tendering procedure commencing – which this report seeks to do.
- 12.3 The services to be provided fall under Part B of Schedule 3 of the Public Contract Regulations 2006 (as amended). Part B services are subject to the Regulations only to a limited extent but procurements for them must observe the Treaty Principles of equal treatment and transparency. Contracting authorities must consider the likelihood of both cross-border interest and domestic interest in order to determine appropriate advertising of the contract.
- 12.4 Taking into account the nature of the services, the fact that they will not be delivered in close proximity to any international border and the market for suppliers, it is highly unlikely that there would be any cross-border interest (despite the potentially high value of the framework agreement and the call-off contracts). It follows from this conclusion that advertising of the contract opportunity can be confined to the UK.
- 12.5 Procurement officers will provide advice and guidance support to the procurement project team. Early Legal advice should be sought on the drafting of the Framework's terms and conditions, particularly any needed to safeguard H&F's interests and mitigate any potential risks and liabilities that might arise from the framework's use by others.
- 12.6 Comments provided by: John Francis and Alan Parry, Principal Procurement Consultants, H&F Procurement, FCS (ext. 2582, 2581).

### **13. RISKS**

- 13.1 The report recommendations positively contribute to the management of market testing, statutory duty and Information management risks all noted on the Shared Services Strategic risk register. Management of these risks remain the responsibility of the Children's Services department. Where there are information risks concerning the management of personal data these should be identified and assessed using a Privacy Impact Assessment completed by the commissioning department. Completion of a Privacy Impact Assessment will assist in the mitigation of information management risk associated with the proposed framework.

13.2 Comments provided by Michael Sloniowski, Risk Manager, ext. 2587.

*Andrew Christie*  
**Executive Director of Children's Services**

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Commissioning Strategy	Terry Clark	Children's Services/KTH

**Contact officer(s):** Terry Clark, Lead Commissioner (Social Care), Royal Borough of Kensington and Chelsea, [terry.clark@rbkc.gov.uk](mailto:terry.clark@rbkc.gov.uk), 02079388336.