

# DYNAMIC PURCHASING VEHICLES FOR CHILDREN'S RESIDENTIAL HOMES, SEN PROVISION AND INDEPENDENT FOSTERING AGENCIES

<b>Cabinet Member</b>	Councillor David Simmonds CBE
<b>Cabinet Portfolio</b>	Deputy Leader of the Council Education and Children's Services
<b>Officer Contact(s)</b>	Wendy Ukwu / Vanessa Strang - Finance
<b>Papers with report</b>	None

## HEADLINES

<b>Summary</b>	<p>This report seeks Cabinet's permission to enter into an Access Agreement and Call-Off from the WLA Dynamic Purchasing Vehicles for the following services:</p> <ol style="list-style-type: none"><li>1. Independent Fostering Agencies led by Barnet Council;</li><li>2. Special Educational Needs for independent and Non Maintained Special Schools led by Brent Council;</li><li>3. Children's Residential Homes led by Ealing Council.</li></ol> <p>Hillingdon is currently the Lead Borough for the West London Alliance framework for Independent Fostering Agencies, which officially expires in April 2018 and will be replaced by the Independent Fostering Agencies Dynamic Purchasing Vehicle (DPV) led by the London Borough of Barnet.</p> <p>The aim is to ensure that there is good quality, locally available provision for Hillingdon Borough's Looked After Children (LAC) and Children with Special Educational Needs (SEN), which represents value for money and is compliant with Public Contract Regulations 2015. These DPV's will be used by the 9 WLA boroughs that carry out part or all of the statutory duties relating to Children.</p>
<b>Putting our Residents First</b>	This report supports the following Council objective of: <i>Our People</i> .
<b>Financial Cost</b>	<p>The costs of the Dynamic Purchasing Vehicle will be met from the West London Alliance Budget. This new approach will ensure that the Council is purchasing services through a controlled route rather than through spot purchases.</p> <p>It is anticipated that the DPV will improve the brokerage and placement process and ensure that these are achieved at the best</p>

	cost, which will assist the Council with managing its costs within the base budget. It will also provide more certainty of future costs as the expectation is that the DPV rate will not increase significantly over the life of the contract.
<b>Relevant Policy Overview Committee</b>	Children, Young People and Learning Policy Overview Committee
<b>Relevant Ward(s)</b>	All

## RECOMMENDATIONS

### That Cabinet:

1. **Agrees to enter into an Access Agreement and Call-Off from the WLA Dynamic Purchasing Vehicles for Children’s Residential Homes, SEN Provision and Independent Fostering Agencies.**
2. **Authorises Officers to access, call-off and award WLA contracts, as indicated in Table 1 in the report, from the Dynamic Purchasing Vehicle.**
3. **Authorises Officers to select the various Call-Off options for the award of contracts in accordance with the rules of the Dynamic Procurement Vehicle (DPV), and also for any spot purchase awards made off the DPV where a suitable placement could not be found.**

### Reasons for recommendation

Hillingdon Council has a number of statutory duties relating to the provision of social care and Special Education services to children and young people. This includes ensuring a sufficiency of suitable services locally, where services are provided on the basis of an assessment of individual need.

There has also been a need to shape and manage the market and to ensure that a set of standard contract terms are issued. There will also be significant purchasing power with the high number of authorities utilising this.

London Borough of Hillingdon is committed to providing local high quality placements for our Looked After Children (LAC) and Children and Young people with SEN. The West London Alliance DPV is established in a way, which means we can work with our existing local supply chain to bring them on to the arrangement, as well as continuing to develop new providers based in the Borough.

The Council would be at risk of failing to achieve its statutory duties to meet assessed need if the proposed arrangements are not put in place.

To help reduce any risks that might be associated with the use of spot purchased services, Procurement will:

- Issue an OJEU Contract notice indicating the services which will be procured and award criteria to be used;
- Ensure that services are registered, as required, by Ofsted and/or equivalent
- Seek competitive quotes wherever possible;
- Sign individual Dynamic Purchasing Vehicle Agreements with providers.
- Replace the current IFA Framework which will expire on 31 March 2018.

Information will be provided to Children and Young People's Services about the number of spot purchases which have been made off the DPV.

### Policy Overview Committee comments

None at this stage.

## SUPPORTING INFORMATION

This report seeks the approval of Cabinet for the London Borough of Hillingdon to enter into an access agreement to enable Hillingdon Council to call off from the West London Alliance's (WLA) Dynamic Purchasing Vehicle for the provision of the following services to meet the Council's statutory duties relating to the provision of the indicated DPV's as set out in Table 1 below:

**Table 1**

Children's DPV	Lead Authority	Please indicate with an 'X'
Independent Fostering Agencies	Barnet	X
Special Educational Needs for independent and Non Maintained Special Schools	Brent	X
Children's Residential Homes	Ealing	X

The aim of the proposal is to improve the quality of local and national based supply for all Participating Boroughs for Children & Young People's provision and ensure that value for money is delivered for Hillingdon Council.

Where it may not be possible to procure a service due to lack of capacity or other reason, spot purchases may be required if no suitable Placement can be found on the DPV. This report also seeks for the decision to make spot purchases to be delegated to officers as stated in the recommendations.

The stated WLA Lead Boroughs have procured three Dynamic Purchasing Vehicles for the listed services under the EU Procurement Directives, which will become live on the 19<sup>th</sup> of March 2018. "DPV" is an updated term for a Dynamic Purchasing System (DPS) which reflects allowances made for Social Care services under the Light Touch Regime within the Public Contracts Regulations 2015.

The DPV Procurement will achieve the following outcomes:

- Ensuring a broad geographical spread of services, primarily across West London and nationally;
- Increasing the supply base and ensuring that minimum quality standards have been met so that Providers can apply to join and access the DPV;
- Increase the choice of provision for Children and Young People;
- Promote Small and Medium Enterprises;
- Develop a broad range of service provision captured by the Service Levels within each Category to meet the needs of Children and Young people;
- Ensure flexibility of provision to increase/decrease levels of support based on each Child's individual need;
- To develop stability in the market over a longer term period and have a consistent approach to purchasing across boroughs, where there are agreed terms and conditions, specifications, a suspension and barring policy and a developed contract performance management approach;
- To maximise the value and usage of CarePlace, our e-Brokerage tool.

Permission has been sought to use an alternative bespoke procurement portal Curtis Fitch (CF) software application as an e-Procurement platform for the purpose of e-sourcing, and supplier relationship management. The Lead WLA Boroughs have entered into a Licence agreement for a term of 6 years in addition to a Training Agreement for up to ten (10) days of training for WLA and Lead Borough staff.

The total cost of this approach to the WLA boroughs will be £14,050, which will pay for the new system and relevant training. This will be funded from the existing WLA budget and no further contribution will be required from the WLA boroughs.

### **Financial Implications**

The costs of the Dynamic Purchasing Vehicle will be met from the West London Alliance Budget. This new approach will ensure that the Council is purchasing services through a controlled route rather than through spot purchases.

It is anticipated that the DPV will improve the brokerage and placement process and ensure that these are achieved at the best cost, which will assist the Council with managing its costs within the base budget. It will also provide more certainty of future costs as the expectation is that the DPV rate will not increase significantly over the life of the contract.

## **RESIDENT BENEFIT & CONSULTATION**

### **The benefit or impact upon residents, service users and communities?**

The Benefits of a DPV Approach are:

- Competition – A DPV creates a high level of competition with the potential to drive down prices and reduce local authority spend.

- Quality control - Suppliers must first be 'accredited' against a set of quality criteria dictated by the partners before being granted entry to the DPV utilised from the existing WLA budget and no further contribution will be required from the WLA boroughs. This will ensure that only high quality suppliers with strong financial checks are permitted to submit bids.
- Transparency - Councils would have complete visibility over the end-to-end process of procuring placements, a full transparent audit trail. The open, transparent nature of a DPS can also build trust and certainty for suppliers.
- Increased flexibility - Unlike a Framework, a DPV is utilised from the existing WLA budget and no further contribution will be required from the WLA boroughs. They can respond quickly to sudden demand or supply changes in the market, e.g. a school or home closing or losing the required Ofsted rating and allow new suppliers and services to be added through the life of the DPV.
- Value for money – Councils will be able to demonstrate that all services procured represent maximum value for money.
- Admin consolidation - The electronic, automated nature of a DPV means that suppliers can tender without having to invest hours of time completing forms; it's easier and less time-consuming for them to bid.
- Non-Compliance with Regulations Establishing DPV's will deliver compliance with the Children & Families Act 2014, Care Act 2014 and Public Contracts Regulations 2015 – Lowered risk of legal challenge as a result of having the DPV's and helps LA's deliver Best Value Duty. The WLA have also created Terms and Conditions for Residential and IFA which could potentially make savings in the future due to current copyright restrictions. Additionally a non-member authority would need to be granted a licence from London Councils to use the contract document, which in practice means becoming an LCS member authority.
- Multiple Services, one application – Providers allowed to bid once to offer more than one category of services on a DPV, reducing evaluation and bidding time and costs for all parties.

#### **Non-Cash Benefits of Establishing DPV's in West London are:**

- Officer Time - Reduced time and cost for LA's on procurement, contract management and quality assurance.
- Continued Partnership - The valuable partnership and collaborative working that has formed across the region is maintained longer term
- Contracts and Specifications – Shared contracts and specs for each category across West London reducing waste in the supply chain and ensuring consistency in terms, outcomes and standards.

- Electronic Contracting - Contracts could also be issued on the DPV if developments to CarePlace were made to support this functionality which is currently being explored, saving officer time.
- Placement Purchasing - Streamlining the way in which we buy placements Via CarePlace which also delivers robust market intelligence and analysis
- Market Shaping – Providing Commissioners with improved intelligence regarding capacity in the market to undertake strategic market management and shaping for future proofing.
- Contract Performance Management – Opportunity to establish a shared contract management approach/function with contract monitoring information will be available to all.
- Competition and demand - Reduced competition across borders which can distort value for money achieved by individual partners.
- Benchmarking - Quality and cost, outcomes learning.
- Provider Efficiency - Reduced time and cost for suppliers at procurement, referral and contract monitoring stages.
- Safeguarding and Market Intelligence - Information sharing and an ongoing partnership relationship can be developed electronically and more efficiently with early warning across LA's of market challenges or supplier issues.
- Sector Influence - Leverage regionally and nationally with providers and with DfE, OFSTED, NASS, ICHA and NAFFP.
- Utilising an e-brokerage tool (West London's CarePlace system) within the DPV will ensure that the Council secures 'best market' prices for children's placements. The e-brokerage function introduces an electronic process for securing competitive market prices from providers.
- It is anticipated that the combined purchasing power of 9 boroughs, and potentially others, will have a beneficial impact on prices and that it may also stimulate the market.
- The tendering process which has been carried out by Ealing/Brent/Barnet Council on behalf of the WLA is in accordance with the Council's Contract Procedure Rules, UK and EU legal requirements and is governed by the Public Contract Regulations 2015.

## CORPORATE CONSIDERATIONS

### Corporate Finance

Corporate Finance has reviewed the report and concur with the financial implications set out above noting that the use of the DPV to purchase Children's placements is intended to secure value for money for the Council.

## Legal

Regulation 34 of the Public Contracts Regulations 2015 (the Regulations) provides that contracting authorities may use a dynamic purchasing system for commonly used purchases the characteristics of which, as generally available on the market, meet their requirements.

The West London Alliance, is establishing three dynamic purchasing vehicles (DPV's) to procure Independent Fostering agencies, Special Educational Needs for independent and Non Maintained Special Schools and Children's Residential Homes, with Barnet, Brent and Ealing Council's respectively acting as the central purchasing bodies as defined by the Regulations. Under the Regulations the Council, as a member of the West London Alliance, may acquire works, supplies and services, or any one or more of them, by using a DPV operated by a central purchasing body, and where it does so it shall be deemed to have complied with the Regulations to the same extent that Ealing Council has done.

The Borough Solicitor therefore confirms that there are no legal impediments to the Council procuring social care and Special Education services to children and young people under the DPV's established by the West London Alliance.

## Other service areas

Corporate Procurement supports the recommendation for Permission to enter into an Access Agreement and Call-Off from the WLA Dynamic Purchasing Vehicles for Children's Residential Homes, SEN Provision and Independent Fostering Agencies.

## BACKGROUND PAPERS

NIL