

North Tyneside Council

Report to Cabinet

9 March 2015

ITEM 7(h)

Non- Maintained and
Independent Special Schools
and Colleges – Regional
Procurement Proposal

Portfolio(s): Children, Young People and Learning	Cabinet Member(s): Councillor Ian Grayson
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Report from Service Area: Children, Young People and Learning

Responsible Officer: Jean Griffiths (Tel: 0191 643 8782)

Wards affected: All

PART 1

1.1 Purpose:

The purpose of this report is to seek approval for the Authority to participate in a collaborative procurement exercise that would establish a regional framework for letting contracts with non-maintained and independent special schools and colleges, both residential and day placements for children and young people aged 0-25.

Whilst Contract Standing Order 24 allows for joint procurement arrangements with other local authorities or public bodies, the estimated potential total cost of services to be procured on behalf of the Authority may exceed £500,000 which means that Cabinet approval is required in accordance with Contract Standing Order 8 (4).

1.2 Recommendations:

It is recommended that Cabinet:

- (i) authorises the Head of Children Young People and Learning, in consultation with the Elected Mayor, Cabinet Member for Children, Young People & Learning, Cabinet Member for Finance and Resources, the Strategic Manager Finance and the Head of Law and Governance to proceed with the procurement exercise being led by Newcastle City Council that will establish a regional framework for letting contracts with non-maintained and independent special schools and colleges, for a period of three years, with an option to extend for a further year and
- (ii) authorises the Head of Children Young People and Learning, in consultation with the Strategic Manager Finance, the Head of Law and Governance and Cabinet Member for Finance and Resources to award any framework agreements and subsequent call off contracts under the framework arrangements.

1.3 Forward plan:

28 days notice of this report has been given and it first appeared on the Forward Plan that was published 2nd February 2015.

1.4 Council plan and policy framework

This report relates to the following themes in the 2014-2018 Council Plan (Our North Tyneside).

Our People will

- Be supported to deliver their full potential, especially our children and young people.
- Be cared for and kept safe if they become vulnerable.

This report also relates to the following theme in the Children and Young People's Plan (Update 2012)

Theme 2.1

- Raising Aspirations and Improving Outcomes for Vulnerable Children and Young People.

1.5 Information

1.5.1 Background

The Authority requires the services of non-maintained and independent special schools and colleges when 'in-house' education provision cannot meet a particular need or the specific needs of a child or young person. North Tyneside Council currently has 33 children and young people placed with non-maintained and independent special schools and colleges (this is significantly lower than other collaborating local authorities, some of whom have 100 children placed with non-maintained and independent special schools and colleges).

Cabinet will recall that it agreed in February 2011 to allow the Authority to take part in a regional procurement exercise to develop a framework for letting contracts to Independent Fostering Agencies (IFAs).

In April 2011 Newcastle City Council took the lead to bring together seven councils, known as the "NE7", (Newcastle, North Tyneside, South Tyneside, Northumberland, Gateshead, Durham and Sunderland), to carry out a collaborative procurement exercise which resulted in a regional framework for letting contracts with Independent Fostering Agencies (IFAs).

The NE7 local authorities have achieved what they set out to do in the first three years of the current framework. The outcomes have been:

- financial savings.
- consistency of quality across providers
- consistency of service to local authorities
- opportunities to develop positive relationships with providers to enable open and transparent communication
- the imbalance of 'market share' that had previously seen a small number of providers having a significant majority of the placements across the NE7 local authorities has been addressed
- clear commissioning information to enable existing providers to expand their presence in the NE7 region and enable new providers to enter the local market has been provided

Following on from the success of the NE7 IFA collaborative procurement exercise, 12 local authorities have agreed to work collaboratively to carry out a similar exercise with non-maintained and independent special school providers.

This is known as the 'NE12+ consortium', the collaborative is made up of the following local authorities-

Sunderland, Newcastle, Durham, Northumberland, Gateshead, North Tyneside, South Tyneside, Hartlepool, Redcar Cleveland, Middlesbrough, Stockton, Darlington.

It is anticipated that by adopting the same approach as the NE7 with non-maintained and independent special schools and colleges that similar benefits can be achieved.

In the current climate of financial austerity, positive relationships are of particular importance when it comes to negotiating terms, conditions and costs for existing and new commissioning arrangements. Our negotiations will ensure:

- positive and improving outcomes for children and young people
- value for money for purchasing authorities
- sustainability of provision

Commissioning and contract officers believe that the recommended option offers the best opportunity to achieve in all three areas.

North Tyneside Council currently spot purchases from a number of non-maintained and independent special schools and colleges who are not on a framework, where there is insufficient or unsuitable local authority provision to meet the assessed needs of a child or young person. Placements are always sought in the first instance from local providers, but, if they are unable to offer a placement that meets the needs of a child, a placement would then be sought from a non-maintained or independent special school or college.

1.5.2 Process

Following a meeting on 15th May 2014 it was agreed that Newcastle City Council would be appointed to lead this procurement process in conjunction with the North East Procurement Organisation (NEPO).

It is proposed that Newcastle City Council will publish an Invitation to Tender via advertisement naming each of the participating authorities. Evaluations of submissions will be carried out by commissioning professionals from all twelve local authorities, facilitated by a senior procurement professional within Newcastle City Council. As part of the evaluation process, there will be participation from a Young Peoples' Group and the NE12+ consortium will adhere to the regional collaborative procurement protocols and assurance Gateways throughout the procurement process. The Authority, as one of the participating authorities, will award framework agreements to all successful tenderers and have the ability to award call off contracts with the successful tenderers as necessary.

The aim is to have new arrangements in place for new placements in the 2016/17 academic year. Where a placement is already in existence and the supplier becomes part of the new framework, the existing contract will be transferred to the new framework terms and conditions within six months in order to ensure best value for money. Where the Authority is already utilising the services of an independent special school or college which chooses not to participate in the tendering process, then the existing contract for that individual agreement would remain intact for the duration of the placement to ensure child placement stability. Following the procurement exercise a contract will only be awarded to a provider who is not appointed to the framework in the event that a suitable placement cannot be made with a provider who is on the framework. It is anticipated there will be approximately 40 providers on the framework, a mini competition exercise will be carried out to award contracts for any new placements.

1.6 Decision options:

Option 1

Cabinet may approve the recommendations at paragraph 1.2 of the report.

Option 2

Cabinet does not approve the recommendations at paragraph 1.2.

1.7 Reasons for recommended option:

Option 1 is the recommended option. This joint collaborative agreement is in keeping with regional priorities leading to more efficient service delivery. The need to purchase services from non-maintained and independent special schools and colleges will continue and the Authority will benefit from a standardised pricing structure which represents greater value for money and aids forecasting as well as standardised contracts that support monitoring and evaluation.

1.8 Appendices:

None.

1.9 Contact officers:

Jean Griffiths – Head of Children, Young People and Learning
Cath McEvoy – Senior Manager Safeguarding and Placement Services
Gillian Weir – Commissioning Manager, Commissioning and Investment
Alison Campbell - Senior Business Partner.

1.10 Background information:

None

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The Authority currently has 33 children and young people placed with non-maintained and independent special schools and colleges at an annual cost of circa £3m.

The expectation is that by developing the framework arrangement the Authority will be able to reduce the pressure in the Council's revenue budget within Safeguarding and Placement Services currently being reported through budget monitoring. It should be noted that the level of expenditure reflects existing commitments as well as any new placements that may arise.

2.2 Legal

The Authority's Contract Standing Orders allow joint procurements to be undertaken. As the value of the contract as a whole exceeds the threshold of £500,000, this procurement requires Cabinet approval. Any procurement process will be undertaken in accordance with the Authority's Contract Standing Orders and EU and UK public procurement requirements. An award will be based on the most economically advantageous tender and the successful tenderer(s) will be appointed on terms and conditions approved by the Head of Law and Governance.

A contract monitoring group exists in order to address any governance issues which may arise regarding the framework agreement and providers. In addition Newcastle City Council will take any enforcement action necessary against any defaulting provider.

Given a framework agreement will be established there is no obligation on the Authority to award any contracts. The Authority can terminate any call off contract at any time without terminating the framework agreement therefore protecting the Authority's position. Call off contracts will be awarded following either a mini-tender or a direct award as necessary.

2.3 Consultation/community engagement

A working group has been established which includes representation from service managers and commissioners from all twelve collaborating authorities.

Consultation sessions have taken place with the private and voluntary sector and will also take place with a young peoples group, to ensure that they understand the financial context in which councils are operating and so that consideration can be given to any operational concerns.

2.4 Human rights

There are no human rights implications arising from this report.

2.5 Equalities and diversity

There are no equality and diversity implications arising from this report.

2.6 Risk management

Any risk management issues will be included with the Council's risk register and managed by this process.

2.7 Crime and disorder

There are no crime and disorder issues arising from this report.

2.8 Environment and sustainability

There are no environment and sustainability issues arising from this report.

PART 3 - SIGN OFF

- Deputy Chief Executive X
- Head(s) of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Head of Corporate Strategy X