

PROVIDER ENGAGEMENT ON PROPOSED NEW COMMISSIONING ARRANGEMENTS FOR REGULATED CHILDREN'S HOME PLACEMENTS

The Authority (Lancashire County Council) is in the process of undertaking a major exercise to commission Children's Home Services. Prior to the commencement of a procurement, we wish to engage with key stakeholders about the key elements of our plans.

For the avoidance of doubt the proposals set out within the provider engagement document are the current intentions, however they may change before the Invitation to Participate is published.

Following the provider engagement, it is the Authority's intention to advertise the procurement of Children's Home Services within the next 6 months.

PROPOSED NEW COMMISSIONING ARRANGEMENTS (due to commence Aug 2022)

Providers are asked to score the extent to which they agree or disagree with different elements of the proposal and provide further comment in the box beneath to explain their view and/ or suggest alternatives.

This proposed pseudo dynamic purchasing system (PDPS) is a DPS under the Light Touch Regime applicable to Schedule 3 services under the Public Contracts Regulations 2015, that therefore allows the flexibility to the DPS contracting system in the context of the flexible method of contracting required for the provision of children's residential care placements.

Call Off Process

- The new commissioning arrangements will be divided into Tier 1 and Tier 2.
- All Applicants must meet the Minimum Selection Criteria (please see 'Becoming a Tier 2 Provider' below) to be accepted onto the commissioning arrangements.
- Tier 1 will consist of up to 20% of the Applicants that meet the Minimum Selection Criteria and are accepted onto the commissioning arrangements. Applicants will take part in a competitive process to be placed on Tier 1. All other Applicants that meet the Minimum Selection Criteria will be placed on Tier 2. The Authority does not intend to restrict the number of Providers on Tier 2.
- Providers in Tier 2 will be added onto one or more of the following referral distribution lists (depending on their service delivery model):
 - Emergency (same day) Children's Home Placement;
 - Standard Children's Home Placement (for placements that do not have to include Education and/ or Therapy);
 - Children's Home Placement which includes Education;
 - Children's Home Placement which includes Therapy;
 - Children's Home Placement which includes both Education and Therapy.

- Placement referrals will be sent out to Tier 2 Providers via the most relevant list. This will help to reduce the large number of referrals received by Providers and ensure that offers received are in line with the placement requested. It is expected that the majority of our placement requests will be for standard children's home placements.
- Tier 1 Providers will receive all referrals for standard children's home placements at the same time as our in-house and block contract Providers. If a placement is unable to be sourced via these mechanisms within an agreed timeframe then the referral will be circulated via the Standard Children's Home Placement distribution list to Tier 2 Providers.
- Referrals which specifically request an emergency (same day) placement or a placement which needs to include education and/ or therapy will be sent to all Tier 1 Providers and via the relevant Tier 2 distribution list(s) at the same time.
- Where it has not been possible to source a placement via Tier 1 or Tier 2, we will send the referral via the Placement North West DPS and if a placement is still not able to be sourced, it will be sent to off contract providers.
- ART (Access to Resources Team) will share the lower cost placement offers with the Social Work Team first for consideration to ensure the uptake of best value placements. Should these offers not be considered to be suitable, ART will then share the higher cost offers for consideration. The suitability of the placement is the first priority of the Social Work Team and any offer of a placement will always be subject to a suitability assessment by the Social Work Team first. Where more than one placement is considered to be suitable, the best value option will be selected.

Q1. Do you agree with the above proposals re. the call off process?

Please select one of the following and explain your reason(s) below:

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree

Comments:

Becoming a Tier 2 Provider

- The new children's home commissioning arrangements will be open. This means that the Authority will allow new Applicants to apply to join Tier 2 at specified periods throughout the course of the contract and allow existing Providers to add new types of provision. It is expected that this will be every 3 months, or more frequently where required (unless otherwise stipulated by the Authority):
 - New Applicants will be assessed against the criteria for joining Tier 2 and added to Tier 2 where these criteria are met;

- It is an expectation that Providers will apply for any new provision within the Location Boundary to be part of these arrangements. Existing Providers applying to add new types of provision will be assessed.
- It is the Authority's intention that these new commissioning arrangements will be in place for a longer period of time (e.g. up to 10 years).
- The Authority is looking to reduce the workload for Applicants when applying to be part of these new arrangements. In order to be accepted onto the new arrangements at Tier 2, Applicants will need to meet the Minimum Selection Criteria as set out by the Authority including requirements to:
 - meet the LCC Standard Selection Criteria which includes the requirement to demonstrate Technical and Professional Ability and Economic and Financial Standing.
 - have at least one regulated* children's home located within the Location Boundary which means any of the post code areas listed below: (** includes Ofsted regulated and, where appropriate, CQC regulated homes*).

Location Boundary post code areas

BB	Blackburn
BD	Bradford
BL	Bolton
CA	Carlisle
CH	Chester
CW	Crewe
FY	Blackpool
HD	Huddersfield
HX	Halifax
L	Liverpool
LA	Lancaster
LS	Leeds
M	Manchester
OL	Oldham
PR	Preston
SK	Stockport
WA	Warrington
WF	Wakefield
WN	Wigan

- have at least one home within the Location Boundary which has an Ofsted rating of Requires Improvement or above (*or equivalent CQC rating*) based on the most recent full inspection report.
- For the avoidance of doubt, the Authority has a policy of not making new placements in homes which are rated as 'Inadequate'.

- Where a Tier 2 Provider no longer meets the Minimum Selection Criteria, they will be suspended and will no longer receive referrals, until such time that they demonstrate they re-meet the criteria.

Q2. Do you agree with the above proposals re. becoming a Tier 2 Provider?

Please select one of the following and explain your reason(s) below:

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree

Comments:

Becoming a Tier 1 Provider

- In order to be eligible to apply to be on Tier 1, an Applicant must:
 - meet the Minimum Selection Criteria as set out in the 'Becoming a Tier 2 Provider' section.
 - have at least 65% of their homes which are located within the Location Boundary that are rated either good or outstanding by Ofsted or the equivalent for CQC regulated homes (based on full inspection report and excluding any homes which have not yet been rated).
 - be able to deliver 'standard children's home placements' (i.e. placements which do not have to include therapy and/ or education). Where there is an agreed assessed need for therapy and/ or education, it would be possible for Tier 1 Providers to offer therapy and/ or education as an additional service.
- In order to be accepted onto Tier 1, interested Applicants will need to take part in a competitive procurement opportunity. The award criteria for Tier 1 will include a quality element which will require Applicants to demonstrate how they will work collaboratively with the Authority, and a Price element which is set out within the 'Price' section below. Applicants who meet the requirements for Tier 1 will be ranked from highest to lowest with the highest scoring Applicants offered a position in Tier 1.
- The Authority intends to appoint up to 20% of the Applicants who are eligible under the Minimum Selection Criteria, to Tier 1. This is anticipated to be approximately 10 Providers. However, this may change during the term of the agreement, depending on demand and capacity of Tier 1 Providers up to a maximum of 20% of the Providers.

- Those who are not successful in obtaining a place on Tier 1 but otherwise meet the Tier 1 selection criteria will be placed in Tier 2 but added to the Tier 1 'reserve list' in the order they were ranked. Providers on the Tier 1 'reserve list' may be invited to join Tier 1 should demand allow or where a current Tier 1 Provider is removed from Tier 1, leaving a Tier 1 vacancy.
- Providers selected for Tier 1 but who become no longer eligible during the course of the contract (e.g. are no longer able to provide 'standard children's home placements'; or no longer have 65% of homes in the Location Boundary rated as good or outstanding) will be removed from Tier 1. As and when eligibility criteria is re-met, a Provider may be reinstated onto Tier 1.
- The membership of Tier 1 will be reviewed on an annual basis (unless otherwise determined by the Authority). The decision may be made to move a Tier 1 Provider to Tier 2 if their performance is considered to be below Tier 1 expectations (see Proposed Key Performance Indicator section) or for any other reason. However, if the Tier 1 Provider no longer meets the Tier 2 requirements, they will be suspended from the commissioning arrangements.
- Where a Tier 1 Provider is removed from Tier 1, the opportunity to become a Tier 1 Provider may be offered to the highest scoring Provider on the 'reserve list'. There would be no obligation for a Provider to move up to Tier 1 if they did not feel able to meet the required expectations (as set out the Expectations section below). In these circumstances, the opportunity would be offered to the next highest scoring Provider on the 'reserve list'.
- There will be opportunities for new Applicants (who have applied at a later date) or existing Providers (who previously had not met Tier 1 eligibility criteria but who now can) to be able to apply to be on the Tier 1 'reserve list', which the Authority intend to evaluate annually (unless otherwise stipulated by the Authority). Providers already on the 'reserve list' will maintain their 'quality' score but their 'price' score may change due to not applying for or receiving a Price uplift, adding additional provision which may impact on a Provider's average Price score or as a result of other Applicants joining the 'reserve list'. These factors may impact on their position on the 'reserve list'. The same evaluation process will be used throughout.
- The Authority intends to review demand and the capacity of Tier 1 to meet this demand annually, and may increase the number of Tier 1 Providers (from the Providers on the Tier 1 reserve list) up to a maximum of 20% of the Applicants meeting the Minimum Selection Criteria.
- The Authority may re-procure Tier 1 after three years. In these circumstances, existing Tier 1 Providers will need to reapply for a place on Tier 1, and Providers on the 'reserve list', Tier 2 and outside of the commissioning arrangements will have the opportunity to apply.

Q3. Do you agree with the above proposals re. becoming a Tier 1 Provider?

Please select one of the following and explain your reason(s) below:

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree

Comments:

Expectations of How the Authority and Tier 1 Providers will Work Together

- The Authority has a good track record of working in close collaboration with key Providers to secure placements, as evidenced through the children's home block contract and Step Down into Fostering arrangements (see appendix 1). We are seeking to utilise Tier 1 to further expand this way of working and enable closer partnership working with a number of high quality, good value children's home Providers. It is anticipated that closer collaborative working will include:
 - notifying when vacancies are becoming available within the Location Boundary and working closely together to increase the chances of securing these vacancies for suitable Lancashire children and young people;
 - identifying and addressing issues which may impact on placement stability, in order to prevent unnecessary placement breakdowns;
 - when an alternative to the current placement is required. This will include working closely together to enable a planned move to a suitable alternative solution;
 - identifying and implementing improved ways of working to enable more of our children and young people to be placed in local Tier 1 provision;
 - regularly sharing analysis of placements requested/ placements made, meeting regularly to discuss demand and explore how gaps in provision could be addressed. Lancashire will seek to work closely with Tier 1 Providers who wish to open new homes to meet identified gaps in provision.

Q4. Do you agree with the above proposals re. expectations of how the Authority and Tier 1 Providers will work together?

Please select one of the following and explain your reason(s) below:

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree

Comments:

- Closer, collaborative working with Tier 1 Providers may include agreeing to pay a retainer for placements prior to a suitable young person being identified. This option would not be compulsory and would be mutually agreed with individual Tier 1 Providers, based on need/ interest.
- It is proposed that Applicants will be asked to submit their retainer fee at time of application.

Q5. Do you agree with the potential use of retainers with Tier 1 Providers and requesting details of the retainer fee at time of application?

Please select one of the following and explain your reason(s) below including how you think the use of retainers could work:

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree

Comments:

- Whilst we acknowledge that it is unlikely that this will happen immediately, our long term aspiration is that 80% of agency placements made through this commissioning arrangement will be made with Tier 1 Providers.

Q6. Do you agree with this aspiration?

Please select one of the following and explain your reason(s) below including how realistic you think this aspiration would be:

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree

Comments:



Key Performance Indicators (KPIs) for Tier 1 Providers

- It is proposed that the following KPIs will be used to monitor Tier 1 Provider performance and these will be discussed at regular contract monitoring meetings:

KPI1 Ofsted Rating Based on Full Inspection Report

Target - 65% or more homes rated good or outstanding within the Location Boundary (excluding not yet rated homes)

KPI2 Response to referrals

Target 100% within agreed timescales

KPI3 Collaborative working whenever a vacancy arises in the Location Boundary

Target 100%

KPI4 Suitable offers received

Target To be individually monitored and discussed

KPI5 Increase in number of Lancashire placements provided

Target To be individually monitored and discussed

KPI6 Collaborative working to prevent unnecessary placement breakdowns

Target 100%

KPI7 Collaborative working to enable a planned move wherever possible when a placement has to end (unless otherwise mutually agreed)

Target 100%

KPI8 Safeguarding Concerns are actioned/ reported

Target 100%

KPI9 Attendance at Tier 1 Provider meetings

Target 100%

KPI10 Response to contract monitoring requests

Target 100% within agreed timescales

- Concerns relating to poor Tier 1 Provider performance against one or more of the above KPIs will be discussed with the Provider and appropriate actions and timescales to address these concerns will be agreed. Regular meetings will be held to review progress towards agreed actions and timescales.
- Failure to address concerns in the agreed timescales will result in the issuing of an Improvement Notice. This will set out actions that must be delivered in a specific timeframe. It will also detail actions that the Authority intends to take if continuing concerns are not addressed in full. This is likely to include a move from Tier 1 to Tier 2.

Q7. Do you agree with the above Key Performance Indicators?

Please select one of the following and explain your reason(s) below:

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree

Comments:

Q8. Do you think you would be interested in applying to be a Tier 1 Provider on Lancashire's new commissioning arrangements?

Please select one of the following and explain your reason(s) below:

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree

Comments:

Price

- 'Price' means the weekly core cost for the service.
- Applicants applying to be part of the new commissioning arrangements will be required to submit a Price for each size of home, and for each Service Type (Standard Children's

Home Placement, Standard Children's Home Placements with Therapy, Standard Children's Home Placements with Education, and Standard Children's Home Placements with Therapy and Education). Applicants must only provide Prices for homes they currently have available at the Application deadline, which meet the Service Requirements and are within the Location Boundary.

See the below as an example:

<u>Home Size</u>	<u>Standard Children's Home Placement £</u>
1 Bed	£
2 Bed	£
3 Bed	£
4 Bed	£
5 Bed	£
6 Bed	£
6+ Bedded	£

- Applicants will also be required to submit a price for:
 - Hourly rate for additional staffing
 - Waking Watch (10.00 p.m. – 7.00 a.m.)
 - Retainer feeHowever it is not intended that these Prices be used as part of the Price evaluation.
- There will be opportunities for Providers to submit Prices for new types of provision (i.e. for services where Prices were not submitted at time of Application) at specific periods throughout the course of the contract (expected to be every three months).
- Prices will not be scored when applying to be on Tier 2, however the call off procedure when making placements will consider best value.
- The Prices submitted for Standard Children's Home Placements will form part of the evaluation in the event that an Applicant applies to be on Tier 1.
- The Price evaluation for Tier 1 will include the following:
 - A Price evaluation will be carried out for each home size within the 'Standard Children's Home Placements' Service Type.
 - Applicants' Prices will be arranged by the most competitive (lowest Price) through to the least competitive (highest Price).
 - The most competitive Price gains the full weighting available within the pricing criteria (Price Score of 40%). All remaining Applications, which are more expensive, are awarded a score pro rata to the most competitive response.

- The Authority will then calculate the average Price score for each Provider across their home sizes. The Providers average Price score will be applied to their quality score to give an overall score for their bid for Tier 1.
- In all cases, where a Provider's Price fall in the range of abnormally high (higher than 15% above the average Provider Price within the relevant Category of Service Type and Home Size) the Provider may be invited to take part in open book accounting or a dialogue with the Authority so that the Authority may gain an understanding of the reasons for such abnormally high Price(s) and the business model underpinning the high Price(s).
- The Authority does not intend to reject bids where the Price remains 'abnormally high', however Providers are reminded that where more than one placement is considered to be suitable, the best value option will be selected.
- The current arrangements include an offer of an annual percentage fee increase on all placements made through the Flexible Agreement, based on the Consumer Price Index (CPI). Providers can opt to not accept any of the uplift or accept a lower amount in order to keep their prices competitive.
- It is intended that Prices for all Providers and their ranking are reviewed annually. Decreases in Prices will be accepted without application. Annual Price increases will be subject to the CPI cap and Providers may elect to waive, take up in part or take up in full the annual CPI uplift to Prices each year. The CPI uplift cannot be used cumulatively should a Provider waive the uplift in previous years under the arrangement. Any CPI capped uplift will not be automatic and will be on application to the Authority. The Authority reserves the right to require any Provider to take part in open book accounting or a dialogue with the Authority so that the Authority may gain an understanding of their Prices before awarding a CPI uplift. Where a Provider's Price falls in the range of abnormally high (higher than 15% of the average Price) the Authority reserves the right to withhold any CPI uplift where a Provider is required to take part in open book accounting but refuses to or where on review of the Provider's accounts the Authority considers, in its reasonable opinion, that incorrect accounting procedures, double charging or other unacceptable practices are being conducted or where they do not represent a true reflection of the actual financial circumstances of the Provider.
- An annual review of the ranking of Providers on the basis of Pricing, due to new Applicants being accepted and/or Providers applying for an uplift or adding new provision, will take place which may affect the ranking of Providers on Tier 1 and the Tier 1 reserve list

Q9. Do you agree with the above proposals re. Prices?

Please select one of the following and explain your reason(s) below:

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree

Comments:

Sub-Regional Arrangement

- Neighbouring authorities, Cumbria, Blackburn with Darwen and Blackpool have expressed an interest in being part of joint commissioning arrangements for the purchasing of children's home placements. Discussions will take place with all three local authorities to explore whether they would wish to be able to access this agreement for some or all of their agency children's home placement requests. Should specific local authorities wish to be involved the Location Boundary will not change.

Q10. Do you agree with the idea of this potentially being a sub-regional arrangement for some or all of the above neighbouring authorities?

Please select one of the following and explain your reason(s) below:

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree

Comments:

Please feel free to use the box below to add any further comments on what you think needs to be considered for Lancashire's new commissioning arrangements for children's home placements:

Any further comments: