



**CABINET PROCUREMENT & INSOURCING COMMITTEE  
CONTRACT AWARD REPORT**

<b>Title of Report</b>	Contract Award: Commissioning Children's Homes in Hackney for Children Looked After		
<b>Key Decision No.</b>	CE S709		
<b>For Consideration By</b>	Cabinet Procurement Insourcing Committee		
<b>Meeting Date</b>	1 June 2026		
<b>Cabinet Member</b>	Cllr Soraya Adejare, Cabinet Member for Children, Young People and Early Intervention		
<b>Classification</b>	Open with Exempt Appendices		
<b>Ward(s) Affected</b>	London Fields and Cazenove Wards		
<b>Key Decision</b>	<table border="1"> <tr> <td>Yes</td> <td> <p>Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function</p> <p>Significant in terms of its effects on communities living or working in an area comprising two or more wards</p> </td> </tr> </table>	Yes	<p>Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function</p> <p>Significant in terms of its effects on communities living or working in an area comprising two or more wards</p>
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<b>Implementation Date if Not Called In</b>	10 June 2026		
<b>Group Director</b>	Jacque Burke, Group Director of Children & Education		
<b>Report Author</b>	<p>Maria Zazovskaya, Senior Commissioning Manager - Children's Integrated Commissioning Team</p> <p>Laura Oni, Commissioning and Contracts Officer- Children's Integrated Commissioning Team</p>		
<b>Contract value (both Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions))</b>	Approx. £15.1 M excl. VAT		

<b>Contract duration</b> (including extensions e.g. 2 yrs + 1 yr + 1 yr)	5 years + 1 + 1
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## 1. **Cabinet Member's Introduction**

- 1.1. This report proposes the procurement of a partner provider to deliver high quality residential support to children looked after from two Council owned buildings in the London Borough of Hackney, for a maximum of 7 years (5+1+1). The provider will work in partnership with the Children and Families Service and embed the Systemic Trauma Informed and Anti-Racist practice model within their service to improve outcomes and provide high quality care and stability to our most vulnerable children.
- 1.2. This procurement directly supports the Council's statutory obligations as Corporate Parents and supports the Council to meet its sufficiency duty by providing suitable accommodation in borough for children looked after.
- 1.3. The delivery of this service supports the Council's ambitions to create a system for children and families that is systemic, trauma-informed and anti-racist; aligns with the Council's Equity Plan, which highlights care experienced children and young people as a key cohort; our strategic principles, which focus on Hackney being a place-based organisation that strengthens local partnerships and supports local communities; and our *Strategic Plan - Working together for a better Hackney 2022 to 2026*, in particular the Mayor's Priorities of Working together for every child in Hackney.
- 1.4. These homes will enable our care experienced children and young people to maintain connections with the most important support systems in their life, both friends and family, as well as key professional relationships. It will minimise disruption to children's educational provision and strengthen community connections.
- 1.5. The provider is dedicated to paying the London Living Wage for all staff and have evidenced their commitments to our Council and Mayoral priorities of procuring green, procuring for a better society and for a fairer delivery as well as evidencing increased social value.
- 1.6. This report and the recommendations are the result of a rigorous procurement process undertaken by the Children's Integrated Commissioning Service in partnership with the Corporate Parenting Service. The successful provider has demonstrated exceptional added and social value for our Hackney residents and community which is detailed in this report.

## **2. Group Director's Introduction**

- 2.1. This report requests approval to award a 7 year (5+1+1) contract to **Provider B** to deliver residential care and support for children looked after aged 11-17.
- 2.2. The Council has a legal obligation under the Children Act 1989 to provide suitable accommodation for children looked after and fulfil its corporate parenting duty. It is the collective responsibility of the Council, elected members, employees and partner agencies to provide the best possible care for the children who are looked after by the London Borough of Hackney.
- 2.3. Whilst the Council believe that the best long-term homes for all our children are in family settings (i.e. with foster carers, connected carers, supported lodgings hosts or in staying put arrangements), it is recognised that there are some children who may need more specialised care, at certain times, due to the complexity of their presenting needs. Unfortunately, nationally, the demand for high quality children's homes significantly outstrips supply. This, to date, has resulted in Hackney children living in children's homes at a considerable distance from the borough.
- 2.4. Currently Hackney only has 2 children's homes in the borough, both run by private providers; a small 2 bedroom home and a specialist home for children with disabilities from the Cheredi Community. The creation of these additional homes proposed in this report, will provide 6 new local places for Hackney children and will enable our children who need more specialist care and support, to remain close to their families, homes, communities and support systems instead of moving out of the borough.
- 2.5. A statutory key performance indicator for Local Authorities, reportable to the DfE on an annual basis, is the proportion of children looked after living more than 20 miles from their family home, this procurement directly supports improving this performance indicator by securing sufficient supply of homes in our local area.
- 2.6. The creation of these homes will significantly improve outcomes and the quality of care received for our most vulnerable children in care by:
- 2.7. **Improving Quality of experience:** As highlighted above, keeping children close to home enables them to stay connected to their friends and family, as well as their communities, which is crucial in supporting children's identity needs and achieving positive outcomes.
- 2.8. **Raising quality and standard of care:** Through commissioning a provider to run a provision on our behalf, the Council can directly influence the quality and methodology of care offered, ensuring that this best meets the presenting needs of our children.
- 2.9. **Minimising disruption:** For Children Looked After, each move can involve a huge level of disruption: in their relationships with their caregivers; their

friendship networks; their education provision; and in other key professional relationships, such as CAMHS and Youth Justice Services. This can be avoided if children are able to stay within the borough.

- 2.10. **Increased cost avoidance allows the social care budget to be reinvested back into the areas where children and families need the most support:** The costs of residential care is significantly higher than other care arrangements. Year on year, the costs of supporting Children Looked After in residential care are escalating.

2.11. **Subject matter of the contract**

The subject matter of this contract is the award of the Children's Home contract to a partner provider following a competitive tender process. The report seeks approval of the contract award decision.

**3. Recommendation**

3.1. **Cabinet Insourcing and Procurement Board is recommended to:**

- 3.2 **Agree to award a contract to Provider B to deliver residential care and support for children looked after, aged 11-17 for a period of five (5) years with an option to extend for a further two (2) years in annual increments (5+1+1).**

**4. Reason(s) For Decision**

- 4.1. This report provides the Cabinet Procurement and Insourcing Committee with the outcome of the procurement process of 2 new children's homes in Hackney, operating out of 2 Council owned properties, for children looked after.
- 4.2. Following the approval of the contract award, Officers will proceed with the implementation of the new contract to commence by 15th June 2026. Pending Ofsted registration by December 2026, the homes should be ready for children to move into by early 2027.
- 4.3. By commissioning a partner provider we are able to enhance the quality of experience and care for children looked after. This will be done by minimising disruption in their lives by keeping them connected to their communities whilst delivering the savings highlighted. This approach allows the Council to directly influence the quality of care experienced by those children.
- 4.4. The partner provider will work with the Children's Integrated Commissioning Team and Hackney's Children & Families Service Management Team (predominantly Corporate Parenting) to ensure that the service mobilises,

completes Ofsted registration and provides a high quality service for all children looked after.

- 4.5. The successful provider is committed to reducing their environmental impact. Their robust sustainability policy details environmental management standards and procedures to minimise environmental impact at both organisational and service delivery levels. The provider has committed to prioritising sustainability through: energy-efficient appliances, durable materials, environmentally conscious purchasing, waste reduction-contributing to net-zero commitments, and child-led energy-saving initiatives such as turning off lights and unplugging devices. This aligns with Hackney's climate action commitments, reinforcing the shared ambition to create a more sustainable and resilient borough for future generations.
- 4.6. To ensure sustainability principles are implemented, there will be staff engagement with sustainability practices and guidance provided. The Children and Young people will be supported to become eco-champions, allowing sustainability goals to be built into daily routines.
- 4.7. The successful provider is committed to paying at least the London Living Wage (LLW) to all staff working on this contract, rewarding staff fairly and paying salaries that reflect the local market forces. They are also committed to creating job opportunities that will pay at least the LLW. The social value commitments will form part of the KPIs for the contract and will be monitored as part of the contract management process by the lead commissioners in conjunction with the social value team.
- 4.8. **There are no TUPE concerns with this contract as it is a new service.**

## **5. Background**

- 5.1. Following approval of the Business Case (CE S491) by the Cabinet Procurement and Insourcing Committee in July 2025, the Council proceeded with a Competitive Flexible Procedure under the Procurement Act 2023 to identify a partner provider to operate two new residential children's homes in Hackney.
- 5.2. The homes will be based in two Council-owned properties within London Fields and Cazenove wards, refurbished using £1 million of approved capital funding (£160k in 2024/25 and £840k in 2025/26). The contract will commence on 15th June 2026 and will run for five years with two possible one-year extensions (5 + 1 + 1).
- 5.3. The procurement supports the Council's sufficiency duty under Section 22G of the Children Act 1989 to secure, as far as reasonably practicable, accommodation within the borough that meets the needs of Children Looked After. Demand analysis undertaken for the Business Case identified

that between 29 and 39 Hackney children have been placed in residential homes at any one time since 2019.

- 5.4. Currently, there are only two registered children's homes in Hackney (one for disabled children and a small private home). This creates a significant gap in local sufficiency and leaves the Council reliant on spot purchasing placements outside the borough at higher cost.
- 5.5. Establishing two local homes will help to reduce the number of children living more than 20 miles from home, a DfE reportable KPI, while also improving stability and outcomes for children by keeping them connected to family, friends and local networks.
- 5.6. As detailed in the original business case, the homes will offer a total of six care arrangements for children with complex needs who require specialist care and support. The buildings will remain in Council ownership and be made available to the successful provider on a peppercorn rent basis.
- 5.7. This initiative follows learning from Hackney's participation in the North East London Commissioning Partnership (NELCP) and builds on lessons from other authorities such as Camden, Enfield and Newham who have developed local residential provision successfully. The new homes will strengthen Hackney's local placement market and enable the Council to influence care quality directly through robust contract management.
- 5.8. The total estimated value of the guaranteed contract is £17.86 million over seven years for 2 homes. The annual estimated cost is approximately £2.55 million for six care arrangements (this is the averaged cost over 7 years, please note that the first 2 years of the contract do not fully illustrate full year effect costs due to mobilisation & staggered scaling up). Financial modelling demonstrates potential cost avoidance of around £2.9 million (based on full occupancy) over the life of the contract compared with current spot-purchasing arrangements.
- 5.9. **Strategic Policy Context**
- 5.10. Having somewhere that is safe and suitable to live underpins a young person's ability to achieve in other areas of life. As part of the Hackney Promise to Children Looked After and Young People the Council is committed to ensuring that every child and young person's identity and cultural needs are respected and addressed throughout every aspect of their care.
- 5.11. This report supports the Council to fulfil its statutory responsibilities as a corporate parent. "Corporate parenting is a responsibility shared between all elected members, Council staff and partner agencies to provide the very best care to all of Hackney's care experienced children and young people. Primarily, this means protecting them from harm, but it also means striving

to promote their best interests, supporting their ambitions, and doing everything else we can to ensure they get the very best start in life.

- 5.12. This report supports the delivery of all the priorities set out in the *Hackney Corporate Parenting and Children's Social Care Sufficiency Strategy 2023-25* - ensuring that sufficient accommodation is available locally to offer safe, stable homes for our care-experienced children and young people and support more of our Children Looked After and care leavers to live in and around Hackney. The report supports meeting our sufficiency now and in the future by ensuring that there are appropriate and high quality care arrangements available for our children by investing in our own provision the Council are increasing availability of this provision to Hackney.
- 5.13. This report supports the delivery of the *Strategic Plan - Working together for a better Hackney 2022 to 2026* in particular the Mayor's Priorities of Working together for every child in Hackney.
- 5.14. This report supports the Mayor's priorities and wider Council objectives to ensure that Hackney Council remains financially stable and well run, providing high-quality public services for all, with the resources to invest for the future, committed to leading on anti-racism, tackling inequality, reducing poverty and ensuring there is no place for hate in Hackney.
- 5.15. This report supports the Council to meet the statutory requirements of the Children Act 1989, the Children's Homes Regulations and Quality Standards 2014, and the Children and Families Act 2014, Care Act 2022.

## **6. Options appraisal**

- 6.1. This report provides Cabinet Procurement and Insourcing Committee with the outcome of the procurement of two new children's homes in Hackney that will be delivered by a partner provider.
- 6.2. Three delivery options were considered at the Business Case stage:

- **Option 1 – Do Nothing (Considered and Rejected)**

Under this option, the Council would continue to commission residential placements through ad hoc spot purchasing arrangements. This model provides flexibility but lacks control over quality and cost, offers minimal influence over placement availability, and perpetuates the issue of children being placed outside the borough. It does not address Hackney's sufficiency challenges or the strategic ambition to improve local provision. This option was therefore rejected.

- **Option 2 – Insource (Considered and deemed not viable at this stage)**

This option involved the Council directly operating and staffing the homes. While this would offer maximum control and integration with Hackney's

practice model, it presents significant financial, regulatory and operational risks. Hackney currently lacks the internal infrastructure, workforce and regulatory experience required to run Ofsted-registered homes. Financial modelling indicated higher overall costs (approx. £18.8m whole-life cost). The reputational and compliance risks of an unsatisfactory Ofsted outcome were also considered significant. This option was therefore not recommended at this time, though it remains a medium to long-term ambition.

A comprehensive Insourcing/Outsourcing Options Appraisal was completed and is available as an appendix to the Business Case report (CE S491) that was previously agreed by CPIC in July 2025.

- **Option 3 – Commission a Partner Provider (Chosen Option)**

This option enables Hackney to commission a specialist provider with the skills, workforce and experience to operate the homes to the required standards while the Council retains ownership of the buildings. The Council can maintain close oversight through contract management, influence service quality, and achieve better value for money. The partner provider will be required to deliver systemic, trauma-informed and anti-racist care aligned with Hackney's STAR Practice Model. This option delivers both improved outcomes for children and financial efficiency and was approved as the preferred route.

- 6.3. The preferred option represents best value for money, aligns with the Best Value duty under the Local Government Act 1999, and enables the Council to meet its statutory sufficiency duty efficiently.

## **7. Consultation/engagement**

- 7.1. Extensive engagement was carried out to inform the service design and commissioning model. This included consultation with:
- Care-experienced children and young people through group and one-to-one sessions;
  - Internal stakeholders across the Children and Families Service, including the Corporate Parenting Service, Contextual Safeguarding, Youth Justice and Young Hackney;
  - The Corporate Parenting Board, Hackney's Senior Leadership Team, and Cabinet members;
  - Ward councillors and local communities through the Statement of Community Involvement; and
  - Independent and voluntary sector providers through two market engagement events in early 2025.
- 7.2. Key messages from young people included:
- The importance of personalising their rooms and feeling at home;
  - The need for diverse staff who reflect Hackney's community;
  - Staying close to friends, family and familiar areas;

- A welcoming home environment that feels 'normal' and not institutional; and
  - Clear, fair house rules and opportunities for recreation and outdoor space.
- 7.3. Feedback from market engagement confirmed strong interest among local and regional providers, particularly voluntary sector organisations, to partner with the Council. Feedback also influenced the final service specification, including expectations for staff diversity, trauma-informed practice, and embedding social value outcomes.
- 7.4. An additional Planned Procurement Notice was published in June ahead of the tender going live to clarify changes made to the service specification and contract following the initial engagement in February 2025. This message was issued to all providers by the Council's procurement portal ProContract. The notice sought to clarify that both homes, that the service will operate from, are Council owned properties that would be fully refurbished by the Council prior to handover to the provider for the delivery of the services. The notice included updated information about the Heads of Terms, project timelines, updates around the Council's training offer to the successful provider, and included updated provisional building plans for both homes. The notice also clarified the pricing schedule following market engagement and concerns raised by prospective providers around the staggering of the contract fee and confirmation that the provision of uplifts is included in the contract and pricing schedule after the fixed 2 year price period.
- 7.5. Following initial consultations in 2024 and early 2025, the Children's Integrated Commissioning Team actively worked with members of Hackney of Tomorrow (HOT) and facilitated workshops to identify names for both of the new homes. An in person meeting with the integrated service and the young people took place, with another virtual meeting with Deputy Mayor, Councillor Bramble and the service taking place also for the young people to discuss potential designs and names for the home.
- 7.6. In discussions with the young people, it was noted that the name should have some significance and importance. The idea of naming the homes after notable people from Hackney was explored, but they had decided against naming the homes after a specific person.
- 7.7. The final names that have been chosen are Blossom House for the Firsby Road, the 4 bed property and Starbright House for the Triangle Road, the 2 bed property.
- 7.8. Regarding the choice for Blossom house, the young people had noted that the road is full of nice trees that blossom and they felt that this sounded nice and welcoming for children moving in. In relation to Starbright House, it follows on the similar theme to Blossom and the young people said this can

imply somewhere where children can shine brightly and achieve their potential.

## **8. Project Progress**

### **8.1. Developments since the Business Case approval**

8.2. Since the approval of the business case, project officers have incorporated further feedback from market engagement, community engagement and young people into the specification and the quality assessment questions.

8.3. The ITT (Invitation To Tender) and all associated documents were completed and approved prior to the tender being advertised.

8.4. Officers worked further with Council finance leads to refine the financial modelling and assessment and worked with service area leads to strengthen the quality assessment criteria to produce a robust evaluation process.

8.5. Confirmation of this project being part of the capital works programme and pre-planning advice for both sites was sought prior to submission of the full planning application.

8.6. Additional member engagement took place through targeted written briefings to ward councillors and visits to concerned members in August 2025 to reassure members of the governance of the project and reinforce the high quality of service that will be delivered in partnership with the Council.

8.7. The service for the partner provider was initially published on Procontract in August 2025, and closed in September 2025. Details of the tender process were presented to CPIC in contract award key decision number CE S659.

8.8. Following the decision at CPIC on 5th January 2026 to proceed with the contract award, the contract notice was published on 13th January 2026, and notification was sent to all suppliers informing them of the outcome. During the mandatory standstill period, two complaints were received from unsuccessful providers. One indicated that a formal legal challenge might be expected. The complaints highlighted that there was some ambiguity around the conditions of participation in the procurement process. Whilst we had always stipulated we wanted to work with an experienced provider, this could have been more explicitly communicated throughout the tender documentation. A decision was made to abandon the current tender and initiate a re-tender. The procurement termination notice was issued to all suppliers on 22nd January 2026.

8.9. See **Exempt Appendix 1** for further details on the tender termination.

## 9. Conflicts of Interest Assessments

- 9.1. All officers and young people involved in this process completed their Declaration of Interest and Confidentiality Undertaking Form and no conflicts of interests were identified. Suppliers that submitted tenders were similarly assessed and no conflicts of interests were identified.

## 10. Whole Life Costing and Budgets

- 10.1. For detailed whole life costs and cost avoidance please see **Exempt Appendix 2**.
- 10.2. The estimated total value of services attributable to the Council is up to £15.1 million over 7 years.
- 10.3. The table in **Exempt Appendix 2** profiles the total guaranteed contract spend (circa £15.1M), with estimated savings of £2.1M based on 17% voids throughout the life of the contract. The savings would be higher if the voids are less than this.
- 10.4. Funding for the Children's Home is contained within the CFS Services budget.
- 10.5. Through benchmarking and provider engagement we have agreed a pricing strategy that will mean contract prices are fixed for the first three years after which an annual uplift will be applied calculated by an average of CPI/RPI plus one percent for the life of the contract. This ensures a sustainable delivery model from prospective providers.

## 11. Risk Assessment

Risk	Likelihood	Impact	Overall	Action to avoid/mitigate risk
Delay to Ofsted registration	Medium ▾	High ▾	High ▾	Early provider engagement to ensure Ofsted readiness with a suitable registered manager who has been identified to run the homes. The Council is engaging with lead inspectors for the region and keeping them updated on the progress of the homes opening. The Council is also exploring if priority registration is possible to fast track the process.

Recruitment to children's homes staff	Medium ▾	High ▾	High ▾	<p>Support provider with recruitment strategy, engage with the local workforce pool as early as possible.</p> <p>The provider's approach to recruitment was assessed as part of the evaluation process and there is confidence that a robust process will be delivered.</p>
Delay in refurbishment	Medium ▾	Medium ▾	Medium ▾	<p>Close liaison with the Capital Projects Delivery Team; early design advice sought; realistic mobilisation period built into contract. Home could also be opened in a staggered approach if one is ready before the other.</p>
Delays to contract award or mobilisation	Medium ▾	Medium ▾	Medium ▾	<p>Develop contingency timeline, monitor the actions from the bi-weekly project working group to ensure project is progressing on time</p>
Community objections or reputational risk	Low ▾	Medium ▾	Low ▾	<p>Proactive engagement with local residents; Statement of Community Involvement completed; communications managed by Corporate Parenting and Communications teams. Successful provider to develop detailed and robust communication plan and engage with local community stakeholders and residents throughout the construction and opening, and on going thereafter.</p>
No children have been identified to move into the	Low ▾	High ▾	Low ▾	<p>Actively working with provider and corporate parenting team to identify suitable children</p>

homes once they are ready				<p>throughout contract mobilisation</p> <p>We are confident that appropriate children will be identified and able to move into the home once it is ready.</p>
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11.1. All known risks have been included within procurement documents and risk registers.

11.2. The project is recorded on the Children & Education Directorate Risk Register and monitored monthly by the Project Board.

**12. Contract Modification should a Known Risk Occur**

12.1. As detailed in the original business case, the only risk that would require a contract modification would be if there are significant delays to the planning approval for both sites. As planning permission for both sites has been granted, this risk is no longer relevant.

12.2. There is a medium risk attributed to the delays to the construction process in the above risk table. To mitigate this the option to stagger the opening of the two homes or worst case scenario, open only one home until either an alternative site can be identified or any potential planning/construction issues are resolved will be incorporated into the contract.

**13. Future Additional or Repeat Goods/Services/Works**

13.1. Any future homes to be commissioned will be subject to available budget and separate Cabinet Procurement and Insourcing Committee approval.

**14. Savings**

14.1. The commissioning model delivers both cashable and non-cashable savings through improved local sufficiency and reduced reliance on out-of-borough placements. Financial modelling indicates an estimated cost avoidance of approximately £2.1 million over the seven-year contract term (based on 17%voids).

14.2. Non-cashable benefits include (please see original business case for more detail):

- Reduced travel and associated costs for social workers and Independent Reviewing Officers;
- Increased staff efficiency through shorter travel times for statutory visits;

- Improved placement stability, reducing disruption to education and health care plans; and
- Enhanced outcomes for children, reducing future costs associated with placement breakdowns and crisis interventions.

14.3. Savings and benefits will be tracked through quarterly contract reviews and annual sufficiency reporting.

## **15. Sustainability and climate change**

### **Procuring Green**

15.1. The PRIMAS did not identify any negative environmental impacts for this procurement. This procurement will support more children being able to be placed locally, maintaining their education, family contact and social connections. This will allow children to walk or use public transport when travelling to visit family and friends and social workers to utilise public transport when visiting young people in their new homes, which is more environmentally friendly. This will support the reduction in social worker travel time and expenses associated with visiting children at a distance.

15.2. The successful provider has demonstrated the application of sustainable procurement principles in the management of its own supply chain by prioritising local suppliers and those with environmental credentials in alignment with Hackney's climate goals. The provider has made a commitment to digital first systems to reduce unnecessary printing.

15.3. See **Exempt Appendix 3** for detailed environmental commitments by the successful provider that demonstrate a strong commitment to actively promoting and embedding green practices in their delivery.

15.4. Environmental sustainability has been embedded throughout the commissioning and specification stages. The refurbishment of the two Council-owned homes will incorporate energy-efficient lighting, insulation, and water-saving fixtures. The provider is required to implement sustainable operational practices, including recycling, waste minimisation, and use of local supply chains.

### **15.5. Procuring For A Better Society-**

15.6. The PRIMAS did not identify any negative economic impacts for this procurement and this procurement supports Hackney's Sustainable Procurement and Insourcing Strategy by requiring the payment of at least the London Living Wage to all staff.

15.7. The provider has made a commitment to prioritise local recruitment, with all roles advertised exclusively to Hackney residents via Hackney Opportunities for a fixed period of time and creating training and apprenticeship opportunities plus work placements for residents, including those with SEND, and care leavers. Further information on these initiatives

are detailed within **Exempt Appendix 3**. The successful provider will also create 28.96 FTE jobs as part of this contract.

15.8. **Procuring Fair Delivery**

15.9. The procurement prioritises better outcomes for Hackney's Children Looked After, who are disproportionately from Black and Global Majority backgrounds and often have high needs. The successful provider will embed trauma-informed practices and anti-racist practice within their support delivery to seemingly align with Hackney's STAR Practice Model.

15.10. This commitment also requires maintaining fair employment practices, ensuring equitable access to opportunities for all staff, and fostering an inclusive workplace culture. Further details of the provider's practices can be found in **Exempt appendix 3**.

15.11. **Social Value Benefits**

15.12. In addition to the outcomes sought for individual children, there are community level outcomes which will further enhance children and young people's lives. Embedded within the new contract is a requirement for the provider to consider social value in all aspects of the business and provide evidence that it has considered and/or implemented actions flowing from the Public Services (Social Value) Act 2012.

15.13. The services procured will support the *Hackney Corporate Parenting and Children's Social Care Sufficiency Strategy 2026-28* - keeping children close to home, improving quality assurance and outcomes for children looked after by providing the best home at the right time, for the most competitive price. Further details of the provider's practices can be found in **Exempt appendix 3**. These outcomes will be captured through Social Value KPIs and reviewed as part of annual contract management meetings

15.14. **Equality, inclusion, diversity and belonging (including statutory equality impact assessment)**

15.15. An Equalities Impact Assessment (EIA) was undertaken alongside the business case and procurement process. The assessment confirmed that the project has a positive equalities impact by improving access to local, high-quality accommodation for care-experienced children, many of whom are from Black and Global Majority backgrounds and are disproportionately affected by out-of-borough placements.

15.16. These commitments from the successful provider can be found in **Exempt appendix 3**.

15.17. These commitments directly support the aims of Hackney's Equity Plan (2022–26) and the Corporate Parenting Promise to care-experienced children and young people.

## **16. RE-PROCUREMENT**

- 16.1. To ensure the new procurement was fair and transparent new tender documents were created with a new evaluation panel. The conditions of participation were strengthened and feedback and learning from the first procurement was implemented into the new tender documents and specification.

## **17. Tender Assessment**

### **17.1. Tender Assessment and Moderation**

- 17.2. The maximum value of the contract is above the threshold for a Light Touch contract (currently £663,540) and therefore must be awarded as a Public Contract in accordance with the procedures as set out in the Procurement Act 2023. The procurement process was completed following the Single-Stage Competitive Flexible Procedure, as defined in Section 20 of the Procurement Act 2023 / The Procurement Regulations 2024.
- 17.3. This Procurement Process has been selected as an appropriate, proportionate, and practical means for securing the Most Advantageous Tender, in consideration of the nature, complexity, and value of the contract.
- 17.4. A new evaluation panel was appointed, utilising officers within the Council with relevant expertise in the service area:
- Head of Corporate Parenting - Children and Families Service
  - Head of Children's Integrated Commissioning - Children's Integrated Commissioning Team
  - Senior Commissioning Manager - Children's Integrated Commissioning Team
  - Strategic Resource Manager- Children and Families Service
  - Hackney of Tomorrow Young People- Hackney's Children in Care Council (HOT)
  - Senior Employer Engagement Officer - Employment and Skills Team
  - Employer Engagement Officer - Employment and Skills Team.
- 17.5. For the re-procurement, some of the changes included re-writing the young people's evaluation question with input from HOT and practitioners.
- 17.6. The Project Specific Questions (PSQ's) and method statement questions were changed. The conditions of participation were strengthened and made clear within the service specification and the ITT. This was to ensure that potential providers had experience of operating children's homes. A new procurement notice was issued, which contained the new conditions of participation.

- 17.7. The conditions of participation are listed below:
- Providers will need to demonstrate that they have been operating children's homes in England for at least 2 years and hold current active OFSTED registration.
  - For the financial appraisal, we would seek that Providers have a Contract Turnover ratio of less than 50%, Eg: Annual Contract Value ÷ Total Annual Turnover. Should this condition not be satisfied at any point during the evaluation, the ITT will face immediate disqualification and removal from the procurement process.
- 17.8. The PSQ's were set up as pass/fail questions allowing officers to effectively identify eligible suppliers in the process.
- 17.9. The consequences of a 'no' response were explicitly explained to the provider in the application, clarifying that this response would automatically fail their whole bid.
- 17.10. The PSQ's allowed an automatic pass for providers who had current OFSTED registration for Children's Homes, and an automatic disqualification for providers who were not, making them aware of this disqualification immediately. For providers that confirmed their eligibility, they had to evidence this by listing 2 contracts with unique reference numbers (of the homes), and details of the value, volume of the contract and the LA's in which they held these contracts.
- 17.11. The service specification was strengthened for the new procurement by addressing any previous relevant clarification questions and adding more detail where required. For example, detailed anonymous pen pictures of children who we expect to be living in the homes were included as part of the specification, as were some more clear guidance around staffing levels to ensure the homes did not feel institutional.
- 17.12. Changes were also made to the pricing schedule, so that provider profit level and whole contract cost were evaluated as part of the bid.
- 17.13. When pricing their tender, suppliers were required to guarantee that the submitted prices were deemed both realistic and sustainable, and the pricing methodology demonstrated the ability to deliver the contract requirements to the specified quality and standard.
- 17.14. The total available score of 30% was divided into two distinct components:
- 17.15. Total Contract Price (25%): Evaluated based on the overall cost of contract delivery and Provider Profit (5%): Evaluated based on the profit figure detailed by the provider within the pricing schedule
- 17.16. This approach reinforces our dedication to maximising value for money for the Local Authority.

- 17.17. A new tender notice was listed on the Find A Tender Service and went live on 16th February 2026.
- 17.18. Expressions of interest were received from 82 suppliers. 74 suppliers viewed the opportunity and declined to respond, 3 suppliers submitted a bid, and 5 providers opted out citing various reasons centred around being 'unable to meet requirements'.
- 17.19. In total, we received 24 clarification questions from providers. Some of the key themes were change of assessment panel, mobilisation/ phased move in of children and building works/maintenance.
- 17.20. 3 suppliers had submitted a tender by the deadline of 19th March 2026. Tenders were evaluated in accordance with the criteria set out in the ITT document. 2 of these providers met the conditions of participation as detailed within the PSQ's and proceeded to have the rest of their bid evaluated. The 3rd provider failed to meet the conditions of participation (no valid Ofsted registration for Children's Homes).
- 17.21. HOT evaluated the young people's evaluation section which was facilitated by a Commissioning and Contract Officer and the Senior Children's Rights Officer from the Safeguarding & Reviewing Team in the Children and Families Service.
- 17.22. The key successes from this procurement included; fewer clarification questions from providers, which showed that the tender documents were clearer for providers to understand and no issues were experienced with the tender documents or the portal, meaning that the whole process was significantly smoother.
- 17.23. Tender panel members were identified and evaluation training took place with each member on the panel. Panel members were given questions to mark according to their skills, experience and knowledge. The social value quality questions were evaluated by the Social Value Team (Senior Employer Engagement Officer and Employer Engagement Officer) and the rest of the questions by the tender panel, HOT evaluated question 6 that was specifically addressed for the young people.
- 17.24. The evaluation panel was issued with the tenders submitted by each supplier. The panel evaluated the tenders individually before meeting over a two week period to moderate the scores. Moderation meetings were facilitated by an experienced Procurement Officer.
- 17.25. See **Exempt appendix 4** for the suppliers that were selected/deselected at PSQ stage.
- 17.26. **Tender Evaluation Criteria and Weightings**

<b>Criteria</b>	<b>Weighting %</b>
<b>Quality</b>	<b>70%</b>
Service Principles and Model of Care	15%
Staffing and Leadership	10%
Mobilisation	10%
Young People's Voice and Partnership Working	5%
Risk and Business Continuity	10%
Young People's Evaluation	5%
Social Value	15%
<b>Price</b>	<b>30%</b>
<b>Total</b>	<b>100%</b>

- 17.27. The financial evaluation was based on the cost for delivering the service, including mobilisation and a staggered approach to staffing and homes opening. The financial evaluation was also carried out in line with the methodology stated in the ITT and was based on the whole life cost for delivering the service (25%) and the Provider Profit (5%). Dun and Bradstreet (D&B) reports were conducted on all potential providers and assessed by the Council's Finance team to determine any financial or operational risks to the service.
- 17.28. The main risks for the project are with the delay in starting construction and the construction process itself. Any further delay will impact the date of property handover but will not affect the providers ability to register with Ofsted. The construction process will have to be monitored extremely tightly to ensure the project stays within budget.
- 17.29. The other major risk is around the length of time it will take for the successful provider to register with Ofsted. Senior Council Officers and the Director of Children and Families Service along with the Group Director for Children and Education have helped raise the profile of these homes with Ofsted's during their annual engagement meeting in October 2025. The relevant project officers will follow up with the regional lead inspector from Ofsted and explore the possibility of priority registration of the homes which would help keep the registration process within 6 months if successful.

**18. Reason for Recommendation**

- 18.1. On the basis of the tender evaluation outcome, Cabinet Procurement Committee is recommended to :
- 18.2. Approve the contract award to Provider A for the provision of care and support of 2 children's homes (providing 6 places) for Hackney children looked after for a period of 5 years plus the option to extend for 2 years (1+1). The estimated annual contract value is £2.16m (average over 7 years), and up to approximately £15.1M over the life of the contract. The start date of the contract will be 15th June 2026.
- 18.3. The service being awarded is contained within the Children and Families Service.
- 18.4. This service meets the needs and objectives identified in the original business case. This service will provide 6 places for Hackney children looked after to enable those children to live in Hackney, enabling them to stay connected to their friends and families as well as their communities; driving up the quality of care, minimising disruption for children looked after through maintaining education provision and key professional relationships; and supporting cost avoidance for the Council by having greater control over prices through a block contract.
- 18.5. Summary of the Quality and Price Scores:

	Quality	Price	Social Value	Total
<b>Provider A</b>	40%	26%	9%	71%
<b>Provider B</b>	52%	30%	12%	91%

- 18.6. Please see **Exempt Appendix 5** for further Breakdown of Quality, Price and Social Value Scores.

**19. Contract Management Arrangements (and Mandatory Use of the Contract Management System)**

- 19.1. The contract will be managed by the Senior Commissioning Manager in the Children's Integrated Commissioning Service with oversight from the Head of Commissioning and Head of Corporate Parenting.
- 19.2. Contract performance meetings will be held at least once per quarter. It is anticipated that for the first 6 months of the contract, meetings will be held monthly to support the contract being embedded. This will include quarterly review meetings, which will review service delivery and performance against required service levels and Key Performance Indicators. All properties, policies and documentation relevant to the running of the service will be subject to regular audit and inspection which will be carried out by Children's Integrated Commissioning Team in partnership with the Corporate Parenting Service.

- 19.3. When the system is adopted in full, the Council's Contract Management System will be used to manage the provider and collect all relevant performance information.
- 19.4. TUPE is not applicable to this service as this is a new contract / service and not replacing an existing contract.

**20. Key Performance Indicators**

- 20.1. Full details of the KPIS and outcomes relating to this contract are detailed in **Appendix 6, KPIs for Children's Homes Hackney**
- 20.2. The main KPIs for the contract are:

<b>Key Performance Indicator</b>	<b>Target %</b>	<b>Monitoring</b>
Service Utilisation	90%	Quarterly Monitoring
No of children who have a GP	100%	Quarterly Monitoring / Annual Visit
No of children who have attended a dentist	100%	Quarterly Monitoring / Annual Visit
No of children who have had an eye test	100%	Quarterly Monitoring / Annual Visit
No of children accessing relevant medical service	100%	Quarterly Monitoring / Annual Visit
No of children accessing relevant support networks	100%	Quarterly Monitoring / Annual Visit
No of children in education; training; apprenticeship	100%	Quarterly Monitoring / Annual Visit
Safeguarding - number of children missing from home, incidents etc.	<10%	Quarterly Monitoring / Annual Visit
No of children who move successfully and	100%	Quarterly Monitoring / Annual Visit

<b>Key Performance Indicator</b>	<b>Target %</b>	<b>Monitoring</b>
Service Utilisation	90%	Quarterly Monitoring
No of children who have a GP in a planned way from the service -	100%	Quarterly Monitoring / Annual Visit
		This will be an annual figure so each quarter the culminating figure will be monitored.
Number of children on a Education, Health and Care Plan	Total Number & % of cohort to be reported, target to be baselined in year 1	Quarterly monitoring meetings
Staffing retention and stability	% turnover to be reported, target to be baselined in year 1	Quarterly Monitoring / Annual Visit This will be an annual figure so each quarter the culminating figure will be monitored.
Number of children whose care arrangement has ended in an unplanned way -	<10%	Quarterly Monitoring / Annual Visit This will be an annual figure so each quarter the culminating figure will be monitored.
Number of young people who have transitioned successfully from the home to their next step	100%	Quarterly Monitoring // Annual Visit
Social Value	100% of commitments stated	As agreed (see Exempt Appendix 3, Procuring Green/procuring for a better society/social value/procuring fair delivery for detailed commitments)

20.3. KPIs including the provider's commitment to social value to be confirmed in contract mobilisation in partnership with the successful provider.

## **21. Financial implications**

- 21.1. This report seeks approval to award a contract to Provider B for the provision and management of two new children's homes in Hackney for a maximum duration of seven years (5+1+1). The primary financial objective is to deliver cost avoidance for the Council by creating local capacity (6 places) for children looked after, reducing reliance on high-cost, out-of-borough spot placements. The estimated total value of services attributable to the Council is up to £15.1m over the seven-year contract term, with an average annual contract value of £2.16m.
- 21.2. The summary financial implications of this decision are set out in **Exempt appendix 2**. It is important to highlight some costs which are not highlighted in the appendix but which have been a part of the overall business case.
- 21.3. The two buildings being used for this project have been valued between £1.75m and £1.9m but will be made available to the contractor for a peppercorn rent. This has been understood since the start of the project but does represent an opportunity cost as the buildings could have been used for another purpose, rented or sold.
- 21.4. The cost of the refurbishment of the two buildings will be depreciated over twenty years. **Exempt Appendix 2** relates to the first seven years, a further MRP and interest cost of £994k will be attributable to subsequent years.
- 21.5. The appendix does not include any central management costs of the provision to the service such as contract management. These costs are not expected to be significant but will have to be absorbed by the service and will offset to some extent the expected saving.
- 21.6. The intention of this project was to deal in house with placements that incur excessive cost in the commissioned sector. It is of the greatest importance to stress that these homes must be used by children with the greatest need and cost in order to deliver a saving. The average cost of the residential placements included in the period 7 2025/26 budget monitoring forecast was £7,229 per child per week. This is less than the contract cost alone for the in house provision. However, some placements are significantly more expensive than this and these are the placements that need to be prioritised in order to deliver the savings which have been outlined in this report. The following assumptions demonstrate this point;
- 21.6.1. The average cost of the twelve most expensive placements in the period 7 2025/26 monitoring report is £9,794 per child per week and this is the figure that is included in the appendix. All of the most expensive placements will not necessarily be suitable for these homes which is why the average of a larger group has been taken.

- 21.6.2. The average cost of the six most expensive placements is £11,410 per child per week. If these placements were in the new homes then the illustrated saving could be exceeded. However, it is recognised that some of these children may not be suitable to live within the same home. To provide context, the average cost of the second six most expensive placements is £8,178 per child per week. If these children were placed in the new homes then even assuming full occupancy after the mobilisation period, the savings would become a financial loss.
- 21.7. The ongoing priority must be to ensure that the children's homes consistently meet the high level of need among the children they serve. Consequently, any potential overall saving is directly linked to the future cohort of children, specifically their complexity and the resulting cost of their care. This financial aspect will be rigorously monitored through the contract monitoring process in the coming years.
- 21.8. The finance team has received assurance that the procurement process clearly defined the expected level of need to be met by the children's homes. This is crucial to prevent providers from requesting extra funding for unpredicted needs. Furthermore, the contract mandates open book accounting, which will enable the council to monitor expenditure and ensure that the funding remains appropriate for the duration of the contract.

Financial Implications prepared on behalf of the Group Director Finance & Corporate Resources by Sajeed Patni, Assistant Director of Finance (C&E), Sajeed.Patni@Hackney.gov.uk, 27/04/2026

## **22. VAT Implications On Land & Property Transactions**

- 22.1. The VAT liability of the suppliers services to the Council will be for them to determine but on the basis the provision is of qualifying welfare services we would expect the supply to be exempt from VAT if the service is provided by a state regulated provider. As the supplier would be registered with Ofsted and the registration relates to the services undertaken, it seems they will be a state regulated provider. Advice from PwC states that they would not expect any VAT to be charged to the Council. However, if it were charged we would expect it to be recoverable as it seems likely the VAT is attributable to the Council's statutory obligation to provide care to children.
- 22.2. The lease of the facilities to the provider is a peppercorn so any VAT that the Council incurs on attributable costs should be recoverable in full. The only risk would be whether HMRC would try to say there is a barter in place, in that the lease is only for a peppercorn as the external party is providing services to the Council so there are additional charges made and the two are offset. If this was the case, the Council's lease would be exempt from VAT and any VAT on attributable costs would be exempt from input tax. As the lease is tied to the service provision and in the past HMRC have

accepted that where the facility is operated by someone who has a contract for services with the Council they would not see a barter arising, there is no reason why this would not apply in this case.

VAT implications prepared on behalf of the Group Director Finance & Resources by: Orlene Wallen, Taxation and Compliance Advisor, [orlene.wallen@hackney.gov.uk](mailto:orlene.wallen@hackney.gov.uk), 27/04/2026

### **23. HR/OD implications**

23.1. There are no implications in this area.

HR/OD implications prepared on behalf of the Director of HR/OD by: Yvonne Turner, Strategic HR & OD Business Partner, [yvonne.turner@hackney.gov.uk](mailto:yvonne.turner@hackney.gov.uk), 27/04/2026

### **24. Legal Implications**

- 24.1. On 7th July 2025 Cabinet Procurement and Insourcing Committee approved a High Risk Business Case Report for a competitive tender to commission a block contract for the provision of residential care for Children Looked After in Hackney. On 5th January 2026 Cabinet Procurement and Insourcing Committee agreed to award a contract to a provider to deliver residential care and support for children looked after. Shortly thereafter, a challenge to the process was received and it was decided to terminate the process and not proceed to award. Briefings and updates on the progress of this matter have been provided to appropriate members and officers, including the decision to undertake a re-procurement, as set out in paragraph 16. Contract Standing Order.2.20 states that the Contract Award approval in respect of a high risk matter is with Cabinet Procurement and Insourcing Committee.
- 24.2. Details of the procurement process undertaken by officers to award the contract are set out in this Report.

Legal implications prepared on behalf of the Director of Legal, Democratic & Electoral Services by: Patrick Rodger, Senior Lawyer [Patrick.Rodger@Legal.Hackney.gov.uk](mailto:Patrick.Rodger@Legal.Hackney.gov.uk), 06/05/2026

### **25. Comments Of The Procurement Category Lead**

- 25.1. This report proposes the award of a contract for the delivery of residential support to children looked after from two Council owned buildings for up to

7 years (5+1+1) at a maximum cost of £15.1M (excluding uplifts detailed in the contract).

- 25.2. The Council's Contract Standing Orders require that the Contract Award report for a 'High Risk' procurement of this value be approved by Cabinet Procurement and Insourcing Committee. The maximum value of the contract is above the threshold for a Light Touch contract (currently £663,540) and therefore must be awarded as a Public Contract in accordance with the procedures as set out in the Procurement Act 2023. A Competitive Flexible Procedure was completed inline with the requirements of the act.
- 25.3. The recommendation is to award to the provider offering the most economically advantageous tender (MAT) assessed against the published criteria. The bids were evaluated by a panel of suitably qualified officers and the recommended supplier was the highest scoring in terms of quality and price. All requirements were met or exceeded and the panel was satisfied that a high quality service would be delivered.
- 25.4. KPI and targets are appropriate and aligned to strategic and operational targets for the service.
- 25.5. Added social value deliverables include quantifiable reductions in carbon emissions, a local recruitment strategy including a number of apprenticeships and internship opportunities and partnerships with local community groups. The social value commitments will form part of the KPIs for the contract and will be monitored as part of the contract management process.
- 25.6. A Contract Award Notice must be completed to confirm the award of contract and details added to the Council's Contract Register.

Comments of Procurement Category Lead prepared by: Timothy Lee,  
Procurement Category Lead for Health and Social Care:  
[Timothy.Lee@Hackney.gov.uk](mailto:Timothy.Lee@Hackney.gov.uk) 30/04/2026

## **Appendices**

Appendix 6 - KPIs for Children's Homes Hackney

### **Exempt Appendices**

Appendix 1 - Tender Termination (Exempt)

Appendix 2 - Whole life costings and projected cost avoidance (Exempt)

Appendix 3 - Procuring for a Better and fairer Society, Procuring Green, Social Value and Procuring Fair Delivery (Exempt)

Appendix 4 - Suppliers at PSQ stage: Selected/Deselected (Exempt)

## Appendix 5 - Breakdown of Quality, Price and Social Value Scores (Exempt)

### **Reason(s) for exemption**

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

### **Background Documents**

None