

**NORTH SOMERSET COUNCIL
DECISION**



**DECISION OF: EXECUTIVE MEMBER FOR CHILDREN'S SERVICES
AND LIFELONG LEARNING
WITH ADVICE FROM: DIRECTOR OF PEOPLE AND COMMUNITIES
AND HEAD OF STRATEGIC PROCUREMENT
DIRECTORATE: PEOPLE AND COMMUNITIES**

DECISION NO: PC69 (2019/20 SCHEME)

**SUBJECT: NATIONAL RESIDENTIAL CONTRACT FOR THE PLACEMENT OF CHILDREN
IN CHILDREN'S HOMES**

KEY DECISION: NO

REASON: This is a procurement plan therefore not a key decision.

BACKGROUND:

NSC have been part of the current framework for the National Residential Contract for the Placement of Children in Children's Homes since 2016 (it is due to end on 31 March 2020), along with other Local Authorities (LA) in the regional South West Commissioners' Group (SWCG), who meet quarterly and discuss topical issues, such as safeguarding and home closures. The main advantage of being part of a regional commissioners' group is that NSC, as a small LA, have increased bargaining/buying power, which allows NSC to build better relationships with providers whilst being protected by the provisions of the National Contract.

There are 48 providers on the current framework and in the past financial year (2018/2019) NSC have placed 26 children and young people (C&YP) across 20 providers, at a cost of £3.2million – this equates to 19 full year equivalent placements at an average annual unit cost of c. £169,000. At the time of writing this report, NSC have 16 C&YP placed across 13 different providers, with the full year spend forecast at c. £3.2m. The preference is that placements are made locally for C&YP to maintain links with their families, if appropriate, and access local services such as social work teams and CAMHS¹. Engagement work is being carried out and will be strengthened with local providers of Children's Residential Homes in Banwell, Langford and Portishead (who are all on the DPS/Framework), as well as meetings with new providers who may be interested in setting up residential homes and other types of accommodation for C&YP. Even so, it is sometimes appropriate to be able to place out of area if the C&YP is experiencing Child Sexual Exploitation (CSE) or to get away from County Lines and trafficking².

¹ Child and Adolescent Mental Health Services.

² <https://nsomerset.sharepoint.com/sites/the-source/news-events/Modern%20slavery%20and%20CSE>

DECISION:

It is requested that this procurement plan be approved to proceed to tender (with the SWCG) for the above service.

Contract Structure

The estimated contract value for the life of the contract will be as follows:

	Years	Estimated Annual Value	Total Value
Initial Period	4	£3.2m	£12.8m
Optional Extension Period	2	£3.2m	£6.4m
TOTAL Period	6	£3.2m	£19.2m

- It will be a new Dynamic Purchasing System (DPS) 4 years + option to extend for up to 2 years
- The lead Local Authority is South Gloucestershire Council.

REASONS:

Introduction

The benefits of this framework are being able to 'call off' dependent upon the needs of the C&YP, whether they require a therapeutic placement, a solo home, or have complex and challenging needs that cannot be met in other provisions more locally for example. As aforementioned, it is sometimes more appropriate to place a C&YP outside of the North Somerset area due to assessed risk of harm from others, their own vulnerabilities to Child Sexual Exploitation or County Line activities, etc.

Ofsted have recently deemed that a disproportionate amount of children's homes in the south west are rated as 'requires improvement' or 'inadequate' which further perpetuates a lack of placement choice locally. Ofsted are working with providers to 'get to good' if they are not meeting the standard and to drive up improvements. It is a statutory duty for NSC to have 'sufficient'³ placements for those who are CLA and the new framework will allow providers who require improvement to be allowed onto the framework, in contrast to the current arrangements. NSC's Children's Placement Team (CPT) complete desktop quality assurance checks prior to placements being commissioned and throughout the duration of the young person's placement, quarterly and on an ad hoc basis. Within the CPT there is a dedicated officer for monitoring standards and service outcomes for young people placed in residential care homes and this function is further supported by the Children's Contracts and Commissioning Officer and the SWCG more widely.

The Market Position Statement Update (2019) details that:

³ Sufficiency Statutory guidance on securing sufficient accommodation for looked after children, March 2010
<https://www.gov.uk/government/publications/securing-sufficient-accommodation-for-looked-after-children>

As at 31 March 2018, there were 54.8 children looked after per 10,000 population – below the national average but slightly above the rate in our statistical neighbours.

Placement stability has remained steady in recent years in North Somerset, with approximately 12% of children having three or more placements in the 2017/18 and 2018/19 financial years. Longer-term stability has moderately improved in 2018/19 with 61% of children looked after for more than 2.5 years either remaining in the same placement for two years or placed for adoption (58% in 2017/18). 42% (95 out of 227) of children were placed outside North Somerset, reflecting a lack of local provision.

North Somerset does not directly provide or manage any registered children's homes. As a consequence, where it is recognized a residential placement is required, children normally have to be placed outside the North Somerset geographical boundaries.

Commissioning Plan

The commissioning plan was approved at Full Council on 24 September 2019.

Lessons Learned from previous projects

Lessons from previous contracts are around robust shared contract monitoring and firming up arrangements and responsibilities.

Remedy: The involved Local Authorities have been working collaboratively on many aspects of the recommissioning, including in smaller working groups on tender documentation. North Somerset have been specifically involved with service specification and contract monitoring/KPIs. There have been monthly Board meetings and a more shared approach to contract monitoring should be a positive result, despite some of the LAs being signed up to Children's Cross Regional Arrangements Group (CRAGG) and others not.

Another lesson, which is not new, is the lack of an adequate Children's services market in North Somerset which will continue to be an ongoing priority as per Children's Transformation Board aims and objectives.

Requirement

The recommissioning service will include:

The specifications for the current contract, which would be a basis for the new DPS are underpinned by the contractual requirement of the Provider to comply with the Children's Home's Regulations 2001, the National Minimum Standards for Children's Homes 2002 and in relation to Schools where provided as part of the Service, the Education (Independent School Standards) (England) Regulations 2003. The Service Specifications demonstrate the commitment of Purchasers and Providers to work in partnership with a robust focus on placements that optimise outcomes relevant to the individual Child, e.g.

1. Be Healthy
 2. Stay Safe
 3. Enjoy and Achieve
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4. Make a Positive Contribution and
5. Achieve Economic Well-being

The Service Specifications have taken account of the **seven key outcomes** identified by **Children at the Children's Rights Conference 2005** that Children should:

- Be Happy
- Have enough Food and Drink
- Stay in Contact with Family
- Have Friends
- Have Fun
- Experience Love
- Receive Respect

NSC have a statutory obligation to provide this service.

Route to market

- Collaboration with SWPG
- Creation of a DPS – advertising via the Official Journal of the European Union.

Timescales

- Preparation of the specification and ITT documents will be completed by end of October/Early November 2019
- The procurement process will commence through advertising the opportunity on 9 December 2019
- Tenders will be evaluated in February 2020
- Approval of Contract Award Report on 16 March 2020
- The successful suppliers will be notified on 4 March 2020
- Alcatel Standstill Period 5 – 14 March 2020
- The service will start on the 1 April 2020

Governance

- Commissioners: People and Communities Contracts and Commissioning Officers
Strategic Procurement Service: Procurement Officer
- SWPG
- Finance: Finance Business Partner for P&C

Market / Suppliers

The lead authority, with support from the other participating authorities, will facilitate market engagement. A market engagement event was held in April 2019, with a further event planned for November 2019 to keep the market engaged throughout the process.

Social Value, Sustainability & VCSE

This will form part of the service outcomes in the specification and will be agreed by the group.

Evaluation

The procurement of the new DPS will be led by South Gloucestershire Council, with the 6 other LAs in the SWCG supporting with the procurement process and evaluation of applications from providers. We will be following South Gloucestershire Council procurement regulations and scoring methodology and agree specific details as a group.

Contract Management

The SWPG will oversee the contract management arrangements of the providers on the DPS utilising a collaborative and joint approach.

OPTIONS CONSIDERED:

To join with other South West LAs to create a new DPS (Recommended)

- A DPS is an open purchasing system, which has more flexibility than a framework in that new providers can join at regular intervals to refresh the market and maintain value for money.
- It also encourages market development because of its transparent nature which gives all providers the intelligence they need to develop services in line with need and demand across the region.
- The DPS will include a pre-qualified list of accredited service providers to whom local authority purchasers may award contracts for services.

NSC to undertake a tendering process independently of the SWCG

- This option provides less flexibility in provision and limits the council's purchasing power and potential economies of scale afforded by the flexibility and size of a multi-council DPS.
- It would require significant investment by the council to create the additional resources required to design, implement and manage a stand-alone framework and to complete its own checks on providers to ensure continued quality.

Do nothing and spot purchase all placements

- This will not allow us the benefits that sub-regional procurement provides, and we would be unlikely to secure the best value as spot prices will usually be the most expensive method of purchasing as the less guaranteed the volume, the more expensive the cost will be.
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FINANCIAL IMPLICATIONS:

Costs

The spend figures for the last three years are illustrated in the table below. The number of full year equivalent placements and the average unit cost is also shown.

	2017/18	2018/19	2019/20
Budget	£2,318,490	£2,550,990	£2,561,851
Actual	£3,069,380	£3,211,458	£3,263,924
Full Year Equivalent placements	16.25	19.0	15.4
Average Unit Cost	£188,885	£169,024	£211,394

Whilst the current forecast expenditure is in excess of the budget, there are other budgets across services for children looked after (predominantly secure, parent and baby, and in-house foster placements), which mean that the overall placements budget is not currently expected to significantly overspend.

To some extent, expenditure in this area is demand-led and depends on the individual needs of the young people involved and the availability of alternative placements. However, as part of the Children's Transformation Programme, the residential step-down project continues to identify young people who may be able to move back into foster care, return home or move into independent living. The Turning the Tide Social Impact Bond funded service also continues to provide services to families with children, who, without these interventions, would be highly likely to enter care.

In addition, the proposed commissioning, in 2020/21, of a new Housing with Support contract for young people aged 16-25 will provide more cost effective and appropriate alternative placement solutions for older children approaching their transition from care.

The 2020/21 medium term financial planning process makes an allowance for an expected increase in costs as a result of increases in demand and any potential inflationary impacts of renewing the framework.

Funding

Future Spending Principles

- Based on the current framework spend we anticipate that the cost of the life of the framework may be £19.2m however, this may change based on need of not only the C&YP, but their individual circumstances.
 - Although we may receive cost and volume discounts, there are only 8 providers on the framework who do these discounts currently, which has decreased.
 - If all seven regional partners sign up there will be a cost of approximately £5,000 to the lead authority for undertaking the procurement and setting up the DPS.
 - The DPS will identify unit prices for services which can be called-off under it, to meet the individual needs of the C&YP nominated to receive the service.
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- The volume of activity will be dependent on individuals' needs as this is a spot-based DPS.
- Any inflation / annual uplift clauses are to be determined as part of the procurement process.
- This arrangement will have a commercial focus in terms of continuing to deliver financial benefits through a further competition whilst also ensuring high quality support to children and young people.

LEGAL POWERS AND IMPLICATIONS

There are several key pieces of legislation underpinning LAs' statutory responsibilities for Children Looked After (CLA)⁴ including but not limited to: The Children Act 1989, as amended by the Children and Families Act 2014, and the Children and Social Work Act 2017. The Care Act 2014 and Working Together to Safeguard Children 2018 are key for safeguarding C&YP. More widely, we have a statutory duty for NSC to have 'sufficient'⁵ placements for those who are CLA, and being part of a DPS helps to ameliorate the lack of local residential provision.

The Specifications for the current contract, which would be a basis for the new DPS, are underpinned by the contractual requirement of the Provider to comply with the Children's Home's Regulations 2001, the National Minimum Standards for Children's Homes 2002 and in relation to Schools where provided as part of the Service, the Education (Independent School Standards) (England) Regulations 2003. The Service Specifications demonstrate the commitment of Purchasers and Providers to work in partnership with a robust focus on placements that optimum outcomes relevant to the individual Child, within the framework of the Children Act 2004.

NSC have a statutory obligation to provide this service.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

Climate change will be discussed as a group (SWCG) and reflected in the tender documents.

CONSULTATION

Internally we will be consulting with Service Leaders for Children's Support and Safeguarding. The SWCG consult regularly with each other and will continue to do so. The Contracts and Commissioning Officer has been working closely with the CPT to learn what works and does not on the current contract, which will help to inform the new specification.

RISK MANAGEMENT

- **Provider failure:** will be mitigated by robust contract monitoring and compliance of the contract. The use of a DPS allows us to call on other providers if one fails.

⁴ The terms Child Looked After and Looked After Child are often terms used interchangeably but for the purposes of this Decision shall both be taken to mean as defined in section 22 of the Children Act 1989 means a child (0-18 years of age) who is subject to a care order (or an interim care order) or who is accommodated by the local authority, who assume the role of Corporate Parent.

⁵ Sufficiency Statutory guidance on securing sufficient accommodation for looked after children, March 2010 <https://www.gov.uk/government/publications/securing-sufficient-accommodation-for-looked-after-children>

- Risk of not receiving bids: As many LAs will be signed up to the current framework, we expect most of the current providers to join the DPS. Market engagement will be undertaken as part of the procurement process to encourage providers to join (one event has already been held). Further regional and local market engagement can be arranged as required as new providers come into the arena. Providers on the current framework have tended to remain the same and be added to; the initial framework for these services dates 2008-2012 and then 2012-2016 have only grown.
- Risk of challenge to the procurement process – There will be a transparent and fair process to minimise any challenges. It will be a list that opens periodically and the opportunity to add new providers to the list during the lifetime of the process will reduce the need to award placements 'off-contract' and this reduces the risk of challenge.

EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? Yes (stage 1)

The impact of the recommissioning of the framework on equality groups is none.

For vulnerable people it is low, and the impact is positive given the nature of the contract that is being recommissioned. The proposal does not discriminate against any protected groups and actively seeks to improve outcomes for CLA by ensuring that they are able to have access to residential and social care provision which meets their individual needs.

CORPORATE IMPLICATIONS

The commissioning of this DPS will positively support NSC in improving outcomes for CLA by providing good quality residential home placements for children in care who might require this type of placement. The DPS appraises providers and a shared approach to contract monitoring by the SWCG helps to spread the load and ensure no duplication. By ensuring quality placements the DPS will support C&YP to access all the education, employment, training and social opportunities that they need to enhance their life chances, prepare them for adulthood and enable them to contribute to their community.

APPENDICES


None

BACKGROUND PAPERS

- Commissioning Plan
 - Equalities Impact Assessment
 - Market Position Statement Children & Young People 2016-2021
 - National Residential Contract
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SIGNATORIES:

DECISION MAKER(S):

Signed: 

Title: Executive Member for Children's Services and Lifelong Learning

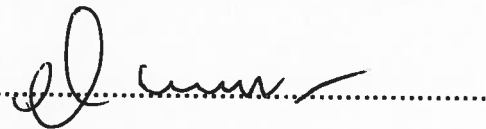
Date: 11.12.19

WITH ADVICE FROM:

Signed: 

Title: Director, People and Communities

Date: 11.12.19

Signed: 

Title: Head of Strategic Procurement

Date: 11.12.19

Footnote: Details of changes made and agreed by the decision taker since publication of the proposed (pre-signed) decision notice, if applicable:

