

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 13/01/16

Subject:	Semi Independent Accommodation and Support for Looked After Young people		
Corporate Director(s)/ Director(s):	Candida Brudenell/ Katy Ball		
Portfolio Holder(s):	Cllr Mellen		
Report author and contact details:	Claire Labdon-West Claire.labdon-west@nottinghamcity.gov.uk		
Key Decision	✓ Yes <input type="checkbox"/> No	Subject to call-in	✓ Yes <input type="checkbox"/> No
Reasons: ✓ Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			✓ Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input type="checkbox"/> No
Total value of the decision: £2,790,000			
Wards affected: all	Date of consultation with Portfolio Holder(s): 17 December 2015		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input type="checkbox"/>
Children, Early Intervention and Early Years			✓
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>The framework for securing Semi Independent Accommodation for Looked After Young People (16 years +) has now come to an end and a new contracting arrangement is required. Opportunities have been identified for improvements to the existing arrangements that will achieve improved outcomes, improved local sufficiency, consistency of quality and greater value for money in the services delivered. There is currently a high level of spot purchasing which has led to inconsistency of support packages for young people, and inconsistent pricing</p> <p>There are also other providers of Supported Accommodation within the market which we believe could deliver savings through a block contracting arrangement. These providers are currently utilised by the Homelessness Prevention Gateway based at Housing Aid. There has been a reduction in the numbers of young people being placed in semi Independent Accommodation and it is not currently known how the numbers may fluctuate in future, though a large increase is not anticipated.</p> <p>The proposal is to use a small block contract alongside a framework contract. This will provide improved value for money through the block contract with additional capacity through the framework. An added benefit is the flexibility of support provided through each form of contract – this provides an opportunity for young people to move through phases of reducing support from accommodation with 24 hour on site support through to fully independent accommodation.</p>			

Exempt information:	
None.	
Recommendation(s):	
1	To procure a block contract for 6 units of Semi Independent Accommodation for 3 years with an option to extend for a further 3 years (at the discretion of the Council) with a maximum annual contract value of £206,824.80, with an option to expand the number of units should the demand for the service grow (at the discretion of the Council) via an open and competitive tender process.
2	To procure through an open and competitive tender process a Framework to provide further capacity in addition to the units in the block contract for times when that provision is not suitable for a specific young person's needs. This contract is to be for 3 years. The annual value of the Framework is estimated to be a maximum of £723,175.20. This is the forecasted spend for 2015/16 spend minus the value of the proposed block contract.
3	To delegate authority to the Assistant Chief Executive to approve the outcome of the tenders and award contracts to secure best value.
4	To delegate authority to the Head of Contracting and Procurement to sign contracts arising from the tender process once the tender outcome is agreed.
5	To approve expenditure in association of the amounts above.

1 REASONS FOR RECOMMENDATIONS

- 1.1 A Block Contract will allow greater forward planning for the local authority and provider, leading to improved outcomes and placement stability for young people.
- 1.2 The service under a block contract would be able to provide an initial period of intensive support for young people who are moving into semi-independent accommodation. This will allow providers to get to know the young people and identify support needs and put in place individual support plans. The 6 units required may be provided in one or two properties and will be self-contained flats with 24 hour staffing on site.
- 1.3 Greater consistency of service will be delivered to young people
- 1.4 The block contract will help to bring about a reduction in local authority spend on semi-independent accommodation and support. Providers will be able to reduce the unit cost under the block contract due to there being a guaranteed income based on the total number of units provided.
- 1.5 There are other providers of supported accommodation for young people, including care leavers, who have a lower weekly charge. The cost of the block contract would not require any additional funds and based on current spend and average placement costs we anticipate that savings of at least 20% would be made.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 The table below demonstrates the highest cost of the providers of supported accommodation and compares this to the average cost of a current Semi Independent Placement

	Current Semi Independent Acc.	Supported Acc.
Average weekly placement cost	£662.90	£402.98
Average Annual cost of 1 placement	£34,470.80	£20,954.96
Average annual cost of 6 placements	£206,824.80	£125,714.16
Potential annual saving		£81,111.64

2.2 The Placements Team and Operational Colleagues have visited some of the current supported accommodation placements and feel that this model would meet the needs of the young people accessing semi-independent accommodation

2.3 A block contract will allow the Authority to establish clear guidelines with regard to accepting placements and when it is appropriate for the provider to decline.

2.4 There has been a steady decline in the number of young people being placed into Semi Independent accommodation over recent years. It is therefore essential that we do not over commission with the block contract which is why it is 6 bed-spaces with the option to expand if the demand increases.

Month	No. of active placements at any one time		
	2013/14	2014/15	2015/16
August	38	48	31
September	41	47	26
October	47	42	22
November	35	33	19

The benefits to the young person however in terms of consistency of support and to the Authority in terms of potential savings are felt to be such that a block with a relatively small initial number of placements but with the option to expand has been agreed to be the most appropriate recommendation.

2.5 There is a risk that placements will not be filled but will still be a cost to the Authority, however the reduction in overall cost and the limited number of spaces in the block is felt to mitigate this risk. Assuming that the total cost of the block contract is in line with the weekly cost of supported accommodation of £402.98 week as outlined in 1.6, the block contracted provision could operate at 80% capacity and the average cost of the placement would still be less than the current average of £662.90. The capacity would have to fall to around 60% in order for the block contract to more costly than the current arrangement.

Operating Capacity	Average cost of placement
100%	£402.98
80%	£503.66
60%	£671.55

- 2.6 In order to provide additional capacity and flexibility with the system it is recommended that a framework contract also be put in place
- 2.7 The framework arrangement would provide additional capacity for placements and offers the possibility for another level of transition towards full independence when the young person reaches their 18th birthday. It would be preferable for the providers on the framework to be able to allow the young person to remain in the property after their 18th birthday should they be unready for independence at that point. This could potentially be funded through enhanced Housing Benefit. Any arrangement of this type must not impede on our ability to place young people within either the block contracted or framework based provision.
- 2.8 In order to be accepted onto the Framework, there will be a procurement process where providers will need to be able to demonstrate that they are of a high quality. The call off process will then ensure that the provider can meet the needs of the individual young person and also ensure value for money for the Authority.
- 2.9 The Framework would allow a diverse range of providers within the market providing a wide range of choice, particularly for young people with very high support needs or behaviour that challenges. Healthy competition would be encouraged which should drive up the quality of provision.
- 2.10 The Framework will be continuously contract managed. Quality monitoring will take place through the life of the framework to ensure that providers remain fit for purpose. If there are concerns over the quality of provision then there is no obligation to invite the provider to call off.
- 2.11 By obligating providers of both the block contract and the framework to work closely together through referral and move-on arrangements we are creating the opportunity to develop long term, productive partnership working. Providers will need to demonstrate how they will manage transitions between the different elements of the service by working collaboratively with other providers in the market. Providers will be encouraged to be innovative with their approaches. Providers would also be required to work with internal providers and the matching panel for residential provision.
- 2.12 The previous Framework was put in place in 2011. In 2014/15 only 23% of placements were made from the Framework. These low numbers were consistent for the life of the framework. The majority of placements have been made through spot purchasing.
- 2.13 At the time the Framework was put in place the market was relatively unknown and providers were unable to respond within required timeframes. A large number of providers on the framework were unable to absorb the cost of voids and were therefore unable to respond on the same day and unable to meet demands
- 2.14 This has resulted in a reactive market, insufficient availability of local provision, inflated costs and inconsistent offers for young people.

- 2.15 Since the Frameworks implementation, the market has developed significantly. As the provision is unregulated, there are very few barriers to new providers establishing themselves. This proves beneficial in terms of ensuring a diverse market which provides choice and encourages healthy competition
- 2.16 Current reliance on spot purchasing has led to a situation where there are inconsistencies with the quality of the support being provided to the young person and also a large variation in the cost. This makes the current contracting arrangements unsustainable.
- 2.17 Consultation with operational colleagues has demonstrated support for a block contracting arrangement on the basis that a framework arrangement has been tried and was not successful – however as stated above in 2.4, the market has now developed and there is confidence that a new framework in conjunction with a block contract will provide the consistency and availability required.
- 2.18 Consultation with providers has taken place and it is felt that a block contract and a guarantee of business would allow providers a greater opportunity to plan and therefore charge a lower rate. There is also support amongst providers for a framework arrangement.
- 2.19 To date there has been limited consultation with service users but there is some evidence that the preference is for a model of accommodation which combines different elements to allow a transition from intensive support to much reduced support prior to full independence. There will be further consultation with young people when developing the service specification and during the tender process. This will be arranged through the Children in Care Council.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Having a Framework with no block contract. This option would pose no financial risk to the Authority in terms of having to pay for bed spaces which may not be utilised, however other benefits in terms of consistency and quality of support to young people may not be realised. The opportunity for financial savings to the Authority is unlikely to be achieved via a framework as the provider would not receive any guarantee of business. There is also no way of preventing a reoccurrence of the issues experienced with the last framework, for example with inconsistency of service and placements not being available at short notice
- 3.2 Having a block contract in place for 12 units of accommodation. This could be 2 or 3 small units across more than one provider. This would give providers the ability to plan their business and therefore incorporate emergency provision. Market research has shown that a block contract would provide the greatest opportunity to realise financial savings whilst also increasing the quality of the provision. Having considered provision already in the market, it was felt that savings of 20% would be achievable. A Framework which provided the move on element of the provision as set out earlier in the report would still be required with this option. This was considered as part of the development work and was initially the preferred option; however due to a reduction in the numbers of young people being placed it was felt that a block contract of this size would create an unacceptable financial risk.
- 3.3 Do nothing and continue to spot purchase as and when a placement is required. This was not felt to be an option as it would not resolve the current issues with inconsistencies in the quality of provision and the costs associated with this.

4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 It is proposed to replace the existing framework agreement for Semi Independent Accommodation for Looked After Children with a block contract and a new framework agreement.
- 4.2 The block contract will be for 6 units and will be awarded via an open tender process. The contract will be for 3 years, with an option to extend for a further 3 years. The estimated annual cost of the contract is £0.207m
- 4.3 The remainder of accommodation will be provided by a new framework agreement, which will also be awarded by open tender process and will be for 3 years. The estimated annual cost of the agreement is £0.723m.
- 4.4 Based on the current usage of Semi Independent Accommodation, it is estimated that this approach will reduce expenditure by £0.081m per year, which will reduce the pressure on the external placements budget and provide value for money. The number of young people in Semi Independent Accommodation has reduced in recent years and if this trend continues, the expenditure will reduce further.
- 4.5 There is a risk that if the unit is not fully occupied the City Council will still incur the full cost of the contract. The reduction in total cost and the small number of beds is felt to mitigate this risk.

5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 This proposal is compliant with financial regulations and is fully supported from a procurement perspective. The procurement team will support and advise on the tendering exercise to ensure that a value for money contract is let following the procurement process for a block contract and framework.
- 5.2 The proposals set out in the report raise no significant legal issues and, on the basis of the rationale set out, are supported. Legal Services will be available to assist in completing the contracts if so required.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 The service will be providing support for vulnerable young people who are leaving care. The service will focus on supporting stability so that young people are able to become independent and maintain this into the long term.
- 6.2 Support will be provided with regard to engaging in education, employment and training so that young people are able to become economic contributors
- 6.3 The nature of the service means that local people will be employed

7 REGARD TO THE NHS CONSTITUTION

- 7.1 Not applicable.

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 An EIA is not required. The proposals are to make changes to an existing service without any alteration to eligibility for the service. The cohort supported by the existing service will not change, and none of the alterations to contracting methods have any impact on any groups with protected characteristics regardless of whether they are eligible for the service or not.

9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 9.1 None.

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 10.1 None.

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

11.1 Anne Partington, Children in Care Placements Manager.

11.2 Holly Macer, Market and Contracts Lead Officer Placement Service.

11.3 Michael Rowley, Lead Commissioning Manager.