

**EXECUTIVE BOARD COMMISSIONING SUB COMMITTEE – 16 JULY 2014**

<b>Subject:</b>	<b>Block Contract for Children’s Residential Care</b>		
<b>Corporate Director/ Director(s):</b>	Alison Michalska, Corporate Director, Children and Families Candida Brudenell, Strategic Director of Early Intervention		
<b>Portfolio Holder(s):</b>	Councillor David Mellen, Portfolio Holder for Children’s Services		
<b>Report author and contact details:</b>	Holly Macer, Lead Contract Officer, Placement Service, Early Intervention Directorate T: 0115 8764816 E: <a href="mailto:holly.macer@nottinghamcity.gov.uk">holly.macer@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>Reasons:</b>	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input checked="" type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input checked="" type="checkbox"/> <b>Revenue</b> <input type="checkbox"/> <b>Capital</b>	
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> <b>Yes</b> <input checked="" type="checkbox"/> <b>No</b>
<b>Total value of the decision:</b> This information is exempt. Please refer to exempt information below.			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b> 16 May 2014 – Councillor David Mellen.		
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter	<input type="checkbox"/>		
Cut crime and anti-social behaviour	<input type="checkbox"/>		
Ensure more school leavers get a job, training or further education than any other City	<input type="checkbox"/>		
Your neighbourhood as clean as the City Centre	<input type="checkbox"/>		
Help keep your energy bills down	<input type="checkbox"/>		
Good access to public transport	<input type="checkbox"/>		
Nottingham has a good mix of housing	<input type="checkbox"/>		
Nottingham is a good place to do business, invest and create jobs	<input checked="" type="checkbox"/>		
Nottingham offers a wide range of leisure activities, parks and sporting events	<input type="checkbox"/>		
Support early intervention activities	<input checked="" type="checkbox"/>		
Deliver effective, value for money services to our citizens	<input checked="" type="checkbox"/>		
<b>Summary of issues (including benefits to citizens/service users):</b>			
This report seeks approval to commission a block contract of 20 local children’s residential care placements, with two external providers. This arrangement will contribute to the Local Authority’s statutory duty to ensure sufficient accommodation for all Looked After Children. No additional budget is required to implement the block contract, as the costs of the contract will be met through the existing External Placements Budget. This will require a financial commitment for a maximum amount from this budget to be allocated for the block contract annually.			
<b>Exempt information:</b>			
The value of the decision and the financial advice are exempt under paragraph 3 of section 12A to the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information, because it would disadvantage negotiations between the provider and contractor.			
<b>Recommendation(s):</b>			
<b>1</b>	To undertake a procurement process to commission a block contract of 20 children’s residential care placements, with two external providers, within a 20 mile radius of the City Centre.		
<b>2</b>	To agree a maximum annual spend on the contract (detailed in exempt appendix 3), from the existing External Placements Budget.		
<b>3</b>	To grant delegated authority to the Strategic Director of Early Intervention to agree the outcome of the tender and award the contract, and to delegate authority to the Head of Quality and Efficiency to sign the contracts arising from the tender process once the tender outcome is agreed.		

## **1 REASONS FOR RECOMMENDATIONS**

- 1.1 Improving outcomes and providing the best quality of care for children and young people has been the driver behind considering the future commissioning arrangements. The recommended block contract will address current market challenges by ensuring increased local capacity and greater choice for the City's children and young people. It will also enable the Local Authority to significantly reduce the current spend on residential care placements.
- 1.2 All local authorities have a statutory duty to ensure sufficient accommodation for its Looked After children and young people. In response to this, Nottingham City Council's Children in Care Placements Commissioning and Sufficiency Strategy aims to provide every child and young person with the best possible care placement, which meets their needs, wishes and feelings, and provides them with the opportunity to thrive and achieve. The Strategy commits to drive a dynamic, outcomes-focused, child-centred placement market, which offers good value, quality and choice, to ensure that the right placement is found the first time, on time, every time.
- 1.3 The proposed block contract aims to address current gaps and weaknesses in the placement market, which are preventing the Strategy's aims from being achieved. Weaknesses include insufficient availability of local placement provision and continued local authority financial pressures, which require innovative solutions to ensure that the City sufficiently and efficiently meets demand. Planned regional commissioning developments will further impact upon the local placement market (e.g. neighbouring local authorities planned block contracting arrangements).
- 1.4 To undertake a procurement process to commission a block contract of 20 local children's residential care placements will ensure compliance with the Council's Financial Regulations and Contract Procedure Rules. The proposal will meet the Council's aims to ensure value for money, quality and variety of services and will support the modernisation agenda.
- 1.5 Delegated authority for the Strategic Director of Early Intervention to agree the outcome of the tender and award the contract, and for the Head of Quality and Efficiency to sign the contracts arising from the tender process, is required to enable a timely transition to the contract and to maximise savings potential.

## **2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 Analysis confirms that a proportion of Looked After Children will always require residential care placements. In addition to NCC's own internal residential estate, NCC consistently commissions an average of 55 external residential care placements at any one time. A block contract would ensure a reduced spend on the services already commissioned.
- 2.2 It is anticipated that the proposed block contract will achieve;
  - an increased percentage of children and young people placed locally

- a significant reduction in local authority spend on residential care (alongside improved budget management and forecasting)
- efficiencies via reduced staff time and travel expenses (e.g. social care and quality assurance visits)
- efficiencies via reduced need to commission out of area services (e.g. CAMHS, education)
- greater forward planning for the local authority and provider, leading to improved outcomes and placement stability
- greater consistency of service delivered

2.3 NCC acknowledges that there has been a growing demand and changing need for Children in Care (CiC) placements. This, along with local authority financial pressures, legislative changes, learning from Serious Case Reviews nationally and the final year of the Regional Provider Framework, prompted a Strategic Review into the City's CiC Placement Market.

2.4 As part of the Review, a Commissioning and Sufficiency Strategy has been produced to determine the way in which Nottingham City Council commissions CiC placements, informed by current and anticipated sufficiency requirements. The Strategy lays out the City's vision and commitments to all children and young people requiring a care placement and explores the minimum standards, commissioning plans and accelerated strands to signal to the placement market.

2.5 The Strategy identifies opportunities for improvements within the placements market. Alongside the recommended block contract for children's residential care, the recommendations also include developments to internal care provision.

2.6 A period of consultation with both the internal and external market, invited participation, asking colleagues, partners and providers for feedback and comments to help shape the final Strategy and plan for implementation. The Strategy has been approved by the following NCC governance forums;

- Children and Families Leadership Team
- Children and Families Big Ticket Programme Board
- Corporate Parenting Board

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

3.1 Continue to spot purchase residential care provision under the current commissioning arrangements. This would deny the local authority the opportunity to make a significant financial saving and enable an increased number of children and young people to be placed locally. For this reason, this option was rejected.

3.2 Increase internal provision. This would incur a greater cost than external provision delivered via a block contract. The capacity required could not be developed within the timescales required. Further risks are involved in internal provision, including absorbing the costs of vacancies and being committed to specific locations. Block contracting will provide better value for money. For these reasons, this option was rejected.

### **4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

4.1 It is proposed to commission a block contract of 20 children's residential care placements with two external providers. The length of the contract is currently being explored. A longer contract, up to seven years, could benefit the Local

Authority by fixing costs and reducing the reliance upon future resources required to undertake additional procurement processes.

- 4.2 The estimated maximum cost can be met from the existing External Placements Budget.
- 4.3 The arrangement would generate savings which would contribute to the Big Ticket Savings already included in the Medium Term Financial Plan.
- 4.5 No additional budget is required to implement the block contract, as the costs of the contract will be met through the existing External Placements Budget. This will require a commitment for a maximum amount from this budget to be allocated for the block contract annually.
- 4.6 Financial comments, provided by Finance Analyst Steve Lynk, are contained within exempt appendix 3.

## **5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

- 5.1 There are no Crime and Disorder implications.
- 5.2 **Legal Observations:** This report proposes a tender for the block purchase of children's residential care places. This type of social services is currently classified as a Part B service under the Public Contracts Regulations 2006 (as amended) and the procurement rules only apply in a very limited way. However the City Council must comply with the general duties under the EU treaty to ensure equal treatment and non-discrimination. The report states that a tender will be undertaken and the Legal Services and Procurement teams will provide advice to the Early Intervention Directorate to help them meet these duties. As the proposal is for a seven year contract term the City Council should include appropriate break and termination provisions. The EU has adopted new procurement directives. The UK Government is proposing to transpose the directives into law in England and Wales by the end of 2014. The Early Intervention Directorate need to be aware that if the procurement is not commenced until later in the year it may be subject to the new rules. Legal Services will discuss with the Early Intervention Directorate the potential impact of the procurement directive and new regulations. (Advice provided by Andrew James Team Leader, Contracts and Commercial 19 June 2014)

## **6 SOCIAL VALUE CONSIDERATIONS**

- 6.1 Consideration has been given to how the services being commissioned could improve the economic, social and environmental well-being in Nottingham. By virtue of the type of services being commissioned, social improvements are expected to be delivered, particularly for the children and young people receiving the services, but also for the wider economic well-being of Nottingham.
- 6.2 It is anticipated that improved outcomes for Nottingham's Looked After population will be achieved by enabling an increased number of children and young people to remain living locally in high quality care provision.
- 6.3 There is potential to create increased employment opportunities for local citizens due to residential care provision either being established or expanding in the Greater Nottinghamshire area.

6.4 Considerations to support compliance with the Public Services (Social Value) Act 2012, will be embedded throughout the procurement process.

## **7 REGARD TO THE NHS CONSTITUTION**

7.1 Not applicable

## **8 EQUALITY IMPACT ASSESSMENT (EIA)**

8.1 An EIA is attached (see appendix 2)

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

9.1 NCC's Children in Care Placements Commissioning and Sufficiency Strategy

## **10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

10.1 Minutes - Corporate Parenting Board, 31 March 2014

## **11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

11.1 Steve Lynk, Finance Analyst, [steve.lynk@nottinghamcity.gov.uk](mailto:steve.lynk@nottinghamcity.gov.uk)

11.2 Jo Pettifor, Strategic Procurement Manager, [jo.pettifor@nottinghamcity.gov.uk](mailto:jo.pettifor@nottinghamcity.gov.uk)

11.3 Julie Herrod, Procurement Officer, [julie.herrod@nottinghamcity.gov.uk](mailto:julie.herrod@nottinghamcity.gov.uk)

11.4 Andrew James, Team Leader, Legal Services,  
[andrew.james@nottinghamcity.gov.uk](mailto:andrew.james@nottinghamcity.gov.uk)