

**EXECUTIVE BOARD COMMISSIONING SUB COMMITTEE**

**10 SEPTEMBER 2014**

<b>Subject:</b>	<b>Children in Care Contracts Commissioning</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: holly.macer@nottinghamcity.gov.uk		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<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"/> 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 checked="" type="checkbox"/> No
<b>Total value of the decision:</b>	This information is exempt. Please see exempt appendix 2.		
<b>Wards affected:</b> All	<b>Dates of consultation with Portfolio Holder(s):</b> 16 May 2014 and 07 August 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>			
Approval to commission a block contract of 20 local children's residential care placements, was granted by the Executive Board Commissioning Sub Committee on 16 July 2014. This report seeks approval for a contract length of up to ten years.			
<b>Exempt information:</b>			
An appendix to this report is 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. The exempt appendix contains the value of the decision and the financial advice.			
<b>Recommendation(s):</b>			
<b>1</b>	To agree to a contract length of up to ten years for the block contract of 20 local children's residential care placements, up to the value in exempt appendix 2.		
<b>2</b>	To grant delegated authority to the Strategic Director of Early Intervention to agree the terms of the contract length, up to a maximum of ten years and up to the value in exempt appendix 2.		

**1 REASONS FOR RECOMMENDATIONS**

1.1 The block contract for children's residential care placements will address current market challenges by ensuring increased local capacity and greater choice for Nottingham 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 A contract length of up to ten years is recommended to achieve best value for money for Nottingham City Council. Offering this level of financial stability through a minimum occupancy guarantee, will enable providers to plan longer term and to invest in the infrastructure and resources required to ensure successful and consistent services are delivered to children and young people at a reduced cost to the Local Authority.
- 1.3 To allow for any increase in demand, the contract will include the opportunity for providers to deliver services above the minimum occupancy guarantee at a discounted rate. This will provide flexibility to meet any changing demand, and enable best value for money to be achieved.
- 1.4 Analysis confirms that a proportion of Looked After Children will always require residential care placements. In addition to NCC's own internal residential estate, since 2010 NCC has consistently commissioned an average of 55 external residential care placements at any one time. It is therefore reasonable to assume that the need for 20 residential placements will be present throughout the duration of up to a ten year contract.
- 1.5 The procurement process to commission the block contract will ensure compliance with the Council's Financial Regulations and Contract Procedure Rules. It will support the modernisation agenda and will meet the Council's aims to ensure value for money, quality and variety of services.

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

- 2.1 On 16 July 2014, the Executive Board Commissioning Sub Committee granted approval for the commissioning of a block contract for 20 local children's residential care placements. 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), and greater forward planning for the local authority and provider, leading to improved outcomes and placement stability greater consistency of service delivered
- 2.2 Consultation with the Portfolio Holder for Children's Services has confirmed support for a contract length of up to ten years.
- 2.3 Robust contract management, including appropriate and timely termination clauses, will mitigate any risk of NCC being disadvantaged by the arrangement.

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

- 3.1 A shorter contract length may disadvantage NCC through losing the opportunity to achieve best value for money. For this reason, this option was rejected.

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

- 4.1 A longer contract, of up to ten years, could benefit the Local Authority by managing 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.
- 4.4 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.
- 4.5 Financial comments, provided by Finance Analyst Steve Lynk, are contained within the exempt appendix.

## **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. 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 contract up to a ten year 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).

## **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 1)

## **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 Children in Care Placements – Commissioning and Sufficiency Strategy 2014 – 2016, Corporate Parenting Board, 31 March 2014

10.2 Block Contract for the Residential Care of Looked After Children, Executive Board Commissioning Sub Committee, 16 July 2014

10.3 Nottingham City Council Children in Care Placements Commissioning and Sufficiency Strategy

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

11.3 Steve Oakley, Head of Quality and Efficiency, Early Intervention Directorate, [steve.oakley@nottinghamcity.gov.uk](mailto:steve.oakley@nottinghamcity.gov.uk)