

## Commissioning and Procurement Sub-Committee – 14/09/21

<b>Subject:</b>	Semi-Independent Accommodation block contract (Children in Care)		
<b>Directors:</b>	Helen Watson, Interim Director for Children’s Integrated Services Katy Ball, Director for Commissioning and Procurement		
<b>Portfolio Holder:</b>	Councillor Cheryl Barnard, Children and Young People		
<b>Report author and contact details:</b>	Lisa Lopez, Lead Commissioning Officer Email: lisa.lopez@nottinghamcity.gov.uk Tel: 0115 87 62746		
<b>Other colleagues who have provided input:</b>	Christine Green, Strategic Business Partner, (Childrens, Education & Schools) Nicola Harrison, Lead Procurement Officer – People Dionne Screator, Senior Solicitor, Commercial, Employment and Education		
<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 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			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Total value of the decision:</b> £2,730,000 (£390,000 per year over up to 7 years)			
<b>Wards affected:</b>		<b>Date of consultation with Portfolio Holder:</b> 05/08/21	
<b>Relevant Council Plan Key Theme:</b>			
Nottingham People			<input checked="" type="checkbox"/>
Living in Nottingham			<input type="checkbox"/>
Growing Nottingham			<input type="checkbox"/>
Respect for Nottingham			<input type="checkbox"/>
Serving Nottingham Better			<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>There are insufficient placements available for Children in Care, both locally and nationally. Local authorities compete for placements, leading to shortages of local placements, young people being placed outside the area and escalating costs.</p> <p>This report seeks approval to secure a small block contract to provide semi-independent accommodation for up to ten older young people, to enable them to move towards living more independently, but with support available when required. Through this contract we will provide high quality accommodation for the young people whilst supporting them towards greater independence in a managed way, potentially improving their longer term outcomes around sustaining tenancies, managing budgets and understanding where to go for support.</p> <p>This block contract model offers improved value for money for Nottingham City Council, and is expected to offer savings of approximately £216,944 per year once the contract is in place. This links to Nottingham City Council’s approved budget for 2022/23 onwards.</p>			
<b>Exempt information:</b> None.			
<b>Recommendations:</b>			
<p><b>1</b> Approve the expenditure of £2,730,000 over the entirety of the contract term (up to 7years) for the provision of a block contract for Semi-Independent Accommodation for Children in Care, as detailed in appendix 1.</p>			
<p><b>2</b> Approve the procurement of the block contract for Semi-Independent Accommodation for Children in Care, as detailed in appendix 1, through an appropriate procurement process, and to award the contract(s) for the services based on the outcomes of the procurement process. The approved contract(s) would commence on 1 April 2022, for a 3–year period with an option to extend on a two-yearly basis for a further four years (3+2+2), to a maximum of 7 years in total.</p>			

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| <p><b>3</b> Delegate authority to the Director for Commissioning and Procurement to approve the outcome of the procurement processes and award the contract(s) to provider that is deemed most suitable to provide these services.</p> |
| <p><b>4</b> Delegate authority to the Head of Contracting and Procurement to sign the final contract(s) and agree annual extensions on the basis of performance and budget availability.</p>   |

## **1 Reasons for recommendations**

- 1.1 To provide high quality, local accommodation for older children in care, aged 16 years and over. Commissioning a block contract for up to 10 placements within Nottingham City, in addition to the existing provision, will ensure the young people who are moving towards living independently will have access to high quality accommodation and support locally. This service will form part of a range of accommodation and support options to meet the differing needs of children in care.
- 1.2 To ensure sufficiency of local placements for the young people who require them. There is a national shortage of available placements, which can result in young people being placed outside the city, away from their support networks. Commissioning this service as a block contract will secure a fixed number of local placements exclusively for use by Nottingham City Council.
- 1.3 To improve efficiency and value for money. The proposed new service model will provide up to 10 beds at a fixed cost to Nottingham City Council. Most of the young people who will be moving into this accommodation will be moving from higher cost placements, at the appropriate time as they approach adulthood. The average cost of a placement for a young person who requires this type of support, and is currently in semi-independent accommodation, is approximately £1,459 per placement per week. The expected cost of the Semi-Independent Accommodation block contract will be approximately £750 per placement per week. Therefore, once variations have been considered, the proposed new service model offers expected savings of approximately £216,944 per year once the contract is in place (see appendix 1).
- 1.4 To manage the market. The shortage of placements has led to increased demand and high placement costs, with placements being taken by other local authorities. Commissioning this service will increase local placements available, and therefore reduces competition for other placements as well as costs. Should there be additional demand for the service, Nottingham City Council could seek to negotiate for additional placements with the provider, at additional costs and subject to approval.

## **2 Background (including outcomes of consultation)**

### **2.1 Current position**

Nottingham City Council currently has a range of placement types for children in care, including internal services provided by the local authority, and externally commissioned contracts. There are existing frameworks for foster care, residential care, and semi-independent accommodation. (Semi-independent accommodation is where an older young person, aged 16 or over, lives in a flat or shared housing with support available either on site or as floating support, when required.) There is insufficient capacity in both internal and external provision, and demand for placements is increasing, on average, by around 2.9% per year nationally. This average is reflected locally, however there was a much more significant increase of 4.5% in Nottingham City in 2020. This increased demand for placements nationally has led to high costs of external placements, particularly where the young people have to be placed out of area due to shortage of local placements. There is a high degree of competition with other local authorities for

placements, leading to further increasing costs. There have also been quality issues with external semi-independent accommodation which is purchased via the framework/spot purchasing.

In addition to the frameworks, Nottingham City Council has a small block contract for a fixed number of residential placements. This arrangement has been successful in controlling the costs and quality of these placements, to the extent that expansion of this contract is being negotiated.

A Strategic Commissioning Review carried out in 2020 identified that putting in place a similar model of block contract for semi-independent accommodation is likely to see equivalent benefits.

## **2.2 Consultations**

As part of the Strategic Commissioning Review, consultation has taken place in July and August 2021, with a group of care-experienced young people, to identify what is important to them in terms of accommodation and support. Key emerging themes from the young people were:

- The right staff are incredibly important. It's really key that the staff are non-judgmental, empathic, great listeners, and can build relationships with the young people. Consistency and reliability are also very important to young people who have been often let down many times and can be reluctant to give their trust.
- Young people want to be treated appropriately to their age and approaching adulthood, with opportunities to learn and become increasingly independent, but with support available when needed.
- It's important that the accommodation is well-maintained, that the young people are managed to keep it clean, that it is an inviting space to live, and feels 'homely'. Whilst privacy and security were identified as important, so too were communal areas and times to share meals and activities if the young people want to, 'like a family'.
- Whatever the location, it's key that there is good access to facilities such as low cost food, banks, and health services; that transport is easily accessible, and that transport costs to town are minimal.

A small group of care leavers are helping to develop a question for providers as part of the proposed tender, and they are willing to score the providers' responses to that question should the procurement be approved. Early indications are that the question may be around what the provider would want/expect the young person to get out of their time in the placement.

Consultation has also taken place with providers, to look at the viability of having a block contracting arrangement for semi-independent accommodation. Key themes identified by providers were;

- Providers would value the financial security of having a block contract. They see the model as risk-sharing with the local authority, and an opportunity to work in partnership with NCC at a more strategic level.
- Providers want contracts to be of sufficient duration and numbers of beds to make them commercially viable – an initial term of at least 3-5 years, and at least 10-11 beds. Contracts should include reasonable timescales for implementation and for responding to referrals, robust quality assurance, clear moving on arrangements and a defined mechanism for reviewing the contract price.
- Providers were concerned about very small schemes and short contracts, lack of consideration of matching the young person being referred to any young people already living in the accommodation, unrealistic timescales, and overly specific location requirements for the accommodation.

Market testing to determine interest in the proposed service model have taken place in July 2021. A number of providers have expressed an interest in delivering this service at the proposed model and pricing.

Feedback from these consultations has been used to shape the service model.

### 2.3 Risks

- Due to the requirement for providers to set up new accommodation, there is a risk that placements may not be ready for the young people to move into by 1<sup>st</sup> April. Commissioning and Procurement officers are working to minimise this risk as much as possible. During the market testing, providers were asked what would constitute reasonable timeframes – responses varied widely, dependent on what buildings the individual provider has available locally. Risks to the timescale will be managed as part of the procurement process, which will include weighting and scoring around implementation time, as well as cost and quality. Expected savings for 2022/23 have been calculated based on the placements being available from June and July 2022, to allow time for the provider to ready the accommodation and avoid promising savings which may not be deliverable.
- There is some risk of not being able to match young people with other young people who are suitable to live in the same building. This would create vacancies and impact on value for money in the service. This is far less an issue with semi-independent accommodation than with residential or foster care, since the young people will have their own spaces and a greater degree of independence. The extent to which the young people will be sharing communal spaces depends on the exact model of accommodation proposed by potential providers – individual flats in the same building creates less matching issues than rooms in a house with communal facilities. The proposed accommodation model, and the impact on matching and value for money, will be considered as part of the procurement process.
- An amendment to the Care Planning Placement and Case Review (England) 2010 regulations is taking place by statutory instrument, and new National Standards are being developed. This is expected to come into force during the term of the contract, and is expected to impact on the costs of the service. Once the legislative requirements are known, it is expected that the contract price will need to be reviewed to take into account the additional burden this legislation will place on the provider.

### 2.4 Key local and national drivers

**The Children Act 1989** (and associated guidance and Regulations) sets out the general duty of the local authority looking after a child to safeguard and promote the welfare of the child. The Act provides a framework within which decisions about the most appropriate way to accommodate and maintain the child must be considered. Where a placement with the child's parent is not possible, the responsible authority should place the child in 'the most appropriate placement available', i.e. the one that they consider will best promote and safeguard the child's welfare. This includes:

- placement 'in accordance with other arrangements made by the local authority', which may include, for example, supporting young people to live independently in rented accommodation, residential employment, or in supported lodgings/hostels.

**Children and Social Work Act 2017** introduces corporate parenting principles, which include being safe and having stability - the need to maintain, as far as possible, consistency in the home environment. For some care leavers, this may mean wider

support to help navigate the challenges of moving to independence through securing housing options and maintaining relationships with those whose continued support they might want or need during their transition to adulthood.

**The Nottingham City Council Plan 2021-23** includes the following strategic priorities for children and young people:

- Continue to provide the vital statutory services that support and protect vulnerable children, including safeguarding, children in care, those with Special Educational Needs and Disabilities (SEND) and other vulnerable groups.

**Nottingham City Council's Children in Care Placements - Commissioning and Sufficiency Strategy 2021-23** identifies the need to:

- Support complex and challenging children to remain in family settings, through the development and implementation of interventions which focus on de-escalation from residential care, foster placement support, family re-unification, and edge of care preventative interventions.
- Develop Supported Lodgings (host families) model as a trial of this approach for specific cohorts 16 years plus as an alternative to Semi-Independent placements.
- Work with local partners – Authorities and providers – to ensure a flexible and responsive approach to meeting demand for all categories of placement.

### **3 Other options considered in making recommendations**

- 3.1 Develop additional internal semi-independent accommodation. The existing internal provision for semi-independent accommodation takes the form of a centralised management 'hub' shared across the satellite properties. This management 'hub' is at capacity, and any new internal provision could not be developed as a satellite of the existing internal provision. Therefore a new 'hub' would be required to expand internal provision. This means the model would not be cost effective in the short-medium term, and would not realise the savings required.
- 3.2 Do nothing. Taking no action will mean outcomes for children in care are likely to be negatively impacted and costs will increase. Lack of sufficiency in both the internal and external markets mean that without action, Nottingham City Council will not be able to secure the best placements for each child. More children will be placed out of area, leading to more disruption for the child/young person, and lost connections to friends and loved ones.

Matching options will be increasingly limited, making it ever more difficult and costly to secure placements, particularly for those with the most complex needs. Lack of suitable placements for children/young people with highly complex needs will mean these needs will not effectively be de-escalated, potentially leading to risk of CSE, criminal exploitation, offending behaviour, and long term poor outcomes. Choice and diversity of provision are required to meet the needs of each individual child/young person. Therefore this option is not recommended.

### **4 Finance colleague comments (including implications and value for money/VAT)**

- 4.1 The proposal seeks approval to procure ten additional semi-independent placements to the young people of Nottingham City and reduce the reliance on more expensive provision.
- 4.2 The proposal links to an MTFs Saving that increases to £0.200m from 2022/23.
- 4.3 The contract is for a three-year period, effective from 01 April 2022, with an option to extend for a further four, until 31 March 2029.
- 4.4 The report highlights the proposed cost of the block contract is £0.390m per annum (Total Decision Value £2.730m) based on ten placements. This is equal to £750 per week, per placement and offers value for money compared to the current average rate of £1,439 per week.
- 4.5 The predicted savings, using the above averages for the total period of seven years is £1.393m. This assumes £0.091m in 2022/23 based on five placements commencing in June and July and £0.217m per annum in subsequent years. The financial analysis includes an adjustment to reflect price variations and occupancy changes.

The following points for consideration and risks are noted:

- a. The contract value assumes a 'Block' contract model that is paid to the provider despite occupancy levels. Commissioning colleagues should ensure sufficient contract measures and key performance indicators are in place to achieve value for money;
- b. There are several programmes aimed at reducing Childrens high cost placements. Is there sufficient placements to ensure the model is sustainable for the total proposed contract period of seven years;
- c. The financial analysis excludes inflation. Any increase may affect the achievement of savings and value for money analysis;
- d. Any changes to the commencement date, or placements is likely to affect financial assumptions and achievement of savings. Appendix 1, notes the importance of monitoring to ensure the average rate of the placements allocated to the programme is not less than the £1,459;
- e. The Children's Sustainability Board is responsible for monitoring the programme and risks are documented with robust mitigation plans to ensure it achieves the financial targets aligned to the Medium Term Financial Plan.

*Christine Green*

*Strategic Business Partner, (Childrens, Education & Schools)*

*02 August 2021.*

## **5 Legal and Procurement colleague comments**

### **5.1 Procurement**

The report seeking approval for the procurement of a new Semi-Independent Accommodation block contract (Children in Care) is supported by the Procurement Team, who will manage the procurement process to ensure best value for money and compliance with the Public Procurement Regulations.

*Nicola Harrison  
Lead Procurement Officer – People  
27 July 2021*

## **5.2 Legal**

This report seeks authority to undertake a tender process to establish a new block contract offering Semi-Independent Accommodation for Children in care.

It is understood the contract will be a new arrangement to support the gap in provision that is affecting the City as well as nationwide.

The block model arrangement is deemed to not only offer value for money for the Council but more certainty in terms of commitment to the chosen Provider and as a consequence, a more stable environment for the children who will be placed within.

The outcome of the consultation should be properly evaluated and considered to help properly inform the chosen model.

A compliant procurement process will be undertaken to identify the chosen provider and appropriate contractual arrangements will be need to be established.

*Dionne Screaton  
Senior Solicitor, Commercial, Employment and Education  
03 August 2021.*

## **6 Social value considerations**

6.1 Providing quality accommodation and support that improves outcomes for young people will increase social value. Further opportunities for adding social value could include:

- Improving local services which may provide increased job opportunities for local people;
- Working with the local communities in which the accommodation is based
  - Engaging with and seeking feedback and ideas from local communities;
  - Developing relationships to the benefit of both the young people and the local communities

## **7 Regard to the NHS Constitution**

7.1 N/A

## **8 Equality Impact Assessment (EIA)**

8.1 An EIA is attached as Appendix 2, and due regard will be given to any implications identified in it.

## **9 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

9.1 Nottingham City Council's Children in Care Commissioning Review (Sept. 2020).

## **10 Published documents referred to in this report**

### 10.1 Local documents:

- Nottingham City Council's Children in Care Placements - Commissioning and Sufficiency Strategy 2021-23.
- Nottingham City JSNA Children in Care (2017).