

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

4528

Author:

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Department:

People

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Subject:

Inflationary Uplift for the Existing Residential Block Contract for Children in Care Placements

Total Value:

£392,646 (Type: Revenue)

Decision Being Taken:

- 1) Approve an uplift to the unit costs of the existing residential block contract by of 3.1%, in line with inflation, from April 2022 and over the remaining 3 years of the contract.
- 2) Approve the associated expenditure of £392,646 (the cost of the uplift over the 22 beds in the block contract, over a 3 year period).

Reasons for the Decision(s)

Nottingham City Council has a statutory duty to ensure sufficient accommodation for all Looked After Children. The existing block contract for residential placements was commissioned from 1.04.2014, to partially meet that requirement by providing 10 high quality, local placements which are exclusively for Nottingham City Council's use. Due to the success of the contract, expansion was agreed on 02/08/2021 (DDM 4317) to increase the number of placements available through this contract to 22 beds. It was noted in DDM 4317 that the costs did not include any inflationary uplift at that time.

The provider has now requested an inflationary uplift from 1.04.2022. The uplift requested is 3.1%, which is in line with the Consumer Price Index (CPI), a measure of inflation, as of October 2021. The CPI of 3.1% is the highest it has been since the start of the contract. This is impacting on the provider in terms of increased costs of the goods and services required by the provider. For example planned and preventative maintenance and damage rectification on the properties themselves. There have been significant increases in the costs of building materials, over and above CPI. The provider has committed to ensuring all staff receive the Real Living Wage, which is expected to see a marked increase in the coming year, along with . rising recruitment costs. All of these factors have led to increased costs to the provider. The Contract includes the ability for the Provider to request an increase in the Contract price.

The value of the contract has not increased since April 2020. Based on the information submitted by the provider, the requested uplift is understood to be reasonable, and is likely to still represent a cost-effective alternative to securing placements via the current framework contract (which is the main alternative method of securing placements). Please see Appendix 1 for details of costs.

Briefing notes documents:

APPENDIX 1 financial breakdown.docx

Other Options Considered:

Do nothing - do not agree to the provider's request for an inflationary uplift. If Nottingham City Council do not agree to the provider's request for an inflationary uplift, it is likely that the provider will terminate the contract, and alternative placements will have to be sourced via the existing framework. This would be likely to result in increased costs, as the average cost of residential care for a child/young person with comparable needs through the framework is approximately £4,228 per placement per week - £423 more than the cost of the block contract with uplift. Therefore not to agree to the uplift is likely to result in additional costs to Nottingham City Council of approximately £484,288 per year. Therefore this option is not recommended.

Background Papers:

NCC's Children in Care Placements Commissioning and Sufficiency Strategy 2021-2023

Unpublished background papers:

cic-placements-commissioning-and-sufficiency-strategy-2021-2023.pdf

Published Works:

DDM 4317 - Expansion of Existing Residential Block Contract for Children in Care Placements

Affected Wards:

Citywide

Colleague / Councillor Interests:

N/A

Any Information Exempt from publication:

Yes

Exempt Information:

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - 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 contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

Documents exempt from publication:

Exempt Appendix - Financial Observations Uplift of Block Contract.docx

Consultations:

Date: 29/11/2021

Other: Mary-Anne Cosgrove, Head of Childrens Regulated Services Sharon Clarke, Service Manager Semi-Independence , Project Development

Mary-Anne Cosgrove and Sharon Clarke have agreed in principle to the uplift in the provider's prices.

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

None

Equality:

EIA not required. Reasons: This proposal does not represent a change in services. Therefore an EIA is not required.

Social Value Considerations:

Taken into account during the procurement for the existing contract and not impacted by this proposal. Consideration was given as 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. 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. There is potential to create increased employment opportunities for local citizens due to residential care provision in the Greater Nottinghamshire area. Considerations to support compliance with the Public Services (Social Value) Act 2012 was embedded throughout the procurement process.

Decision Type:

Portfolio Holder

Subject to Call In:

Yes

Call In Expiry date:

21/02/2022

Advice Sought:

Legal, Finance, Procurement

Legal Advice:

The proposals in this report raise no significant legal issues and are supported.

The current Contract contains a provision by which the Provider is permitted to request an increase in the Contract price subject to the Provider providing supporting evidence of the need for such increase to the satisfaction of the Council.

The report details why it is deemed reasonable for there to be an increase in the Contract Price and the recommendations seek to approve the associated spend.

As the Contract contains a mechanism for the contract price to be amended, such variation is considered a permitted modification under the Public Contracts Regulations 2015 and is therefore supported. Appropriate arrangements will need to be put in place in order to accurately capture the proposed variation. Advice provided by Dionne Claire Sreaton (Solicitor) on 24/01/2022.

Finance Advice:

This advice is exempt from publication and is contained within an exempt appendix

Advice provided by Ruby Barton (Commercial Finance Business Partner) on 28/01/2022.

Procurement Advice:

The proposals in this decision to uplift the cost of the current contract are supported by the Procurement Team on the basis that the contract allows for the contract price to be amended, that the contract will still deliver value for money and it is considered to be a permitted modification under the Public Contracts Regulations 2015. Advice provided by Nicola Harrison (Procurement Lead Officer) on 24/01/2022.

Signatures

Cheryl Barnard (Portfolio Holder- Children and Young People)
SIGNED and Dated: 14/02/2022
Catherine Underwood (Corporate Director for People)
SIGNED and Dated: 04/02/2022