

Commissioning and Procurement Executive Committee – 12 April 2022

Subject:	D2N2 Supported Accommodation Framework		
Directors:	Ailsa Barr - Director for Children's Integrated Services Katy Ball - Director for Commissioning and Procurement		
Portfolio Holder:	Councillor Cheryl Barnard - Children and Young People		
Report author and contact details:	Lisa Lopez, Lead Commissioning Officer lisa.lopez@nottinghamcity.gov.uk 0115 87 62746		
Other colleagues who have provided input:	Steve Oakley, Head of Contracting and Procurement Dionne Screamon, Senior Solicitor		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons:	<input checked="" type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £750,000 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
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Total value of the decision: Up to £12,355,200 (up to £1,235,520 per year for up to 10 years)			
Wards affected: All			
Date of consultation with Portfolio Holder:			
Relevant Council Plan Key Outcome:			
Clean and Connected Communities	<input type="checkbox"/>		
Keeping Nottingham Working	<input type="checkbox"/>		
Carbon Neutral by 2028	<input type="checkbox"/>		
Safer Nottingham	<input type="checkbox"/>		
Child-Friendly Nottingham	<input checked="" type="checkbox"/>		
Healthy and Inclusive	<input type="checkbox"/>		
Keeping Nottingham Moving	<input type="checkbox"/>		
Improve the City Centre	<input type="checkbox"/>		
Better Housing	<input type="checkbox"/>		
Financial Stability	<input type="checkbox"/>		
Serving People Well	<input type="checkbox"/>		
Summary of issues (including benefits to citizens/service users):			
<p>Nottingham City Council has a statutory duty under the Children Act 1989 to ensure sufficient accommodation for its Looked After Children and Young People. This may include supporting young people to live independently.</p> <p>Nottingham City Councils current accreditation process for Semi-Independent Accommodation is due to end, and the existing contracts due to expire, in March 2023. This report seeks approval to utilise this opportunity to jointly commission a Supported Accommodation light touch framework contract, across the D2N2 area, which will replace the existing accreditation. Because the contract will be a type of framework, and therefore paid solely based on activity, the costs in this report are indicative and Nottingham City Council will only pay for the services it's actually commissions.</p> <p>Commissioning the service jointly across the D2N2 area is likely to result in more efficient use of resources – Derby City Council are leading the re-commissioning, which reduces pressure on Nottingham City Council's resources. This also aligns with the Residential and Foster Carers frameworks, which are jointly commissioned across D2N2.</p>			

Exempt information: None.
Recommendations:
1 Approval to procure the provision of Supported Accommodation for Children in Care, as detailed in appendix 1 in partnership with the D2N2 councils, through an appropriate procurement process led by Derby City Council to establish a framework. The approved framework contract(s) would commence on 1st August 2022, for a five-year period with an option to extend for a further two periods of 24 months each, and one period of 12 months (i.e. 5 years +2+2+1), to a maximum of 10 years in total.
2 To approve a maximum expenditure of up to £12,355,200 over the entirety of the framework contract terms (up to 10 years) for the provision of Supported Accommodation for Children in Care, as detailed in appendix 1, from the Children's Placement Service budget.
3 To delegate authority to the Head of Contracting and Procurement to sign any inter-Local Authority partnership agreement as required to set out the legally binding relationship and inter-dependencies between NCC, Derby City, Derbyshire County and Nottinghamshire County Council.
4 To delegate authority to the Head of Children in Care (Regulated Services) to award any call-off contracts in accordance with the Council's scheme of delegation number 274(a).

1. Reasons for recommendations

- 1.1 To provide high quality, local accommodation for older children in care, aged 16 years and over. Commissioning a light touch framework contract for placements within Nottingham City, in addition to the other existing provision, will ensure the young people who are moving towards living independently will have access to high quality accommodation and support locally.
- 1.2 The current Nottingham City Council accreditation has over 50 providers – this is extremely challenging for our Quality Assurance colleagues to monitor on an ongoing basis. The D2N2 framework will have up to 10 providers for each local authority – this will provide sufficient opportunities to secure placements, whilst keeping the number of providers manageable and thus improving quality. This service will form part of a range of accommodation and support options to meet the differing needs of children in care.
- 1.3 To fulfil Nottingham City Council's statutory duties. Nottingham City Council has a statutory duty to provide sufficient accommodation for its Looked After Children. For those young people aged 16 years and above (who have left school), it is often appropriate to provide this accommodation in a semi-independent setting, in order to successfully prepare young people for independent living. Nottingham City Council's accreditation for Supported Accommodation is due to end at the end of March 2022. Where there are no alternatives available, placements are spot-purchased outside of contracts.
- 1.4 A national shortage of available placements means that placements can be spot-purchased wherever they are available. This results in young people being placed outside the city, away from their support networks, and lack of quality assurance of accommodation and support being provided. Commissioning a light touch framework contract for placements within Nottingham City, in addition to the other existing provision, will help to ensure statutory requirements are fulfilled, reduce incidences of spot-purchasing and help keep young people closer to home.

- 1.5 To improve efficiency and value for money. Commissioning the service jointly across the D2N2 area is likely to result in more efficient use of resources – Derby City Council have led development of the service model, and will lead the procurement, which reduces pressure on Nottingham City Council's resources. There is an existing partnership agreement in place with the other D2N2 authorities, and the proposed Supported Accommodation framework will be added to the scheme of work within that agreement. In order to take advantage of this opportunity, Nottingham City Council needs to re-commission the Supported Accommodation framework in line with the other D2N2 authorities' timescale.
- 1.6 The average cost of a placement for a young person who is currently in Supported Accommodation is approximately £750-900 per placement per week. With a light touch framework, providers submit their pricing structure within specified parameters, which is then fixed for the duration of the contract unless otherwise agreed. Because the contract is paid on activity i.e. we only pay for the placements we are using, all costs in this report are indicative.
- 1.7 Providers will only be accepted onto the framework for Nottingham City Council within the agreed price banding, which is in line with the current market rates. There may be some small savings from moving to a model with a smaller number of local providers. However, the more significant savings will come from work with families to ensure less children become looked after, and from more of our placements being commissioned via provided internally or via fixed-price contracts, rather than via frameworks, accreditations, and spot-purchasing. This framework will only be used for those young people who could not be placed in our internal services, or one of our fixed-price services (for example, Supported Lodgings, or the Supported Accommodation block contract.)
- 1.8 To manage the market. The shortage of placements has led to increased demand and high placement costs, with providers effectively in control of the market. Many local authorities have sought to keep placements local by withdrawing from larger frameworks – this leads to more work for providers, for the same volume of work, and the costs of this are likely to be passed on to the local authorities. Commissioning this service jointly across the D2N2 area is likely to provide sufficient volume of activity to be appealing to providers, whilst keeping placements local and managing costs.

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 an increasing portfolio of externally commissioned contracts. There are existing light touch frameworks across the D2N2 area for foster care and residential care, and a Nottingham City accreditation for Supported Accommodation (also known as Semi-Independent Accommodation - 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.)

In order to secure local placements at acceptable prices, Nottingham City Council has been working to expand its high quality internal provision, and develop a range of options exclusively for City children. These include expanding the existing block contracts for residential care, and developing a new pilot Supported Lodgings scheme and a block contract for Supported

Accommodation. It is intended that going forward, more of our children in care will go into these internal and fixed price placements, and fewer will be placed via frameworks, accreditations and spot purchasing arrangements. (This is in line with other local authorities' direction of travel.) However, there will always be young people for whom these fixed-price placements are either unavailable at the right time, or unsuitable due to area, matching requirements etc. Therefore, it will still be necessary to have in place a flexible arrangement to purchase additional local, high quality placements.

2.2 Consultations

As part of a 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 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.

Consultation has also taken place with providers, to identify key considerations important to them in responding to procurement exercises. Key themes identified by providers were:

- Providers report that National Living Wage has had significant impact on staffing costs and therefore pricing.
- Providers want contracts to be of sufficient duration and numbers of beds to make them commercially viable – the initial term of the contract should be at least 3-5 years, and for at least 10-11 beds – this is more viable where the local authority works with fewer a smaller number of providers. 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.

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

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.
- 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 Re-tender for a Nottingham City only Supported Accommodation, as per the current arrangements. The current accreditation was developed to allow a flexible option to purchase placements in and close to Nottingham City. However, the flexible nature of the accreditation has resulted in over 50 providers now being accredited. Nottingham City Council has no children placed with the majority of these providers, but is still required to quality assure them – an enormous undertaking which is not possible for our teams to carry out effectively. Supported Accommodation is currently not subject to national registration, and therefore this presents a risk to the quality of accommodation and support being provided, as well as creating additional work for Nottingham City Council officers. Therefore, this option is not recommended

3.2 Do nothing. The current Supported Accommodation accreditation is due to end at the end of March 2022. Taking no action would result in having no flexible contract arrangement in place, and all placements beyond those in our internal and fixed-price contracts would need to be spot-purchased. This would result in uncontrolled, highly varied pricing and quality, and in young people being placed outside the city, far away from their support networks. This would likely result in poorer outcomes for the young people and significantly increased costs to Nottingham City Council. Therefore, this option is not recommended.

4. Consideration of Risk

4.1 Although there is a lack of available local placements, there are also too many providers on the current accreditation – many of which we don't have placements with. A balance is needed between insufficient placements available and too many providers for us to quality assure. Taking into account the numbers of young people in our internal services, plus the number that will be supported via the fixed-price contracts, it is expected that there will be approx. 15-20 young people in placements through the framework at any one time. Therefore 10 providers able to offer around 4-8 beds each should be sufficient to meet our needs, and allow for expected increases in the next few years.

4.2 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.

5. Finance colleague comments (including implications and value for money/VAT)

This proposal seeks to procure the provision of Supported Accommodation for Children in Care, in partnership with the D2N2 councils, through an appropriate procurement process led by Derby City Council to establish a framework. The current process is via a flexible contract with accredited providers, and the proposal is not expected to materially impact costs, however it will improve the efficiency of our quality assurance.

The proposal also seeks to approve spend of up to £1.236m per annum (this equals £12.355m over the maximum framework contract terms of 10 years excluding inflation). These estimates are based on a benchmarking exercise undertaken using costings from our own services and other local authorities to calculate the average cost of higher support and lower support needs:

Support needs	Avg weekly cost per placement	Annual costs placements (Approx.)
Higher support needs – staff on site	£2,560	Up to £0.799m for estimated 6 young people
Lower support needs – staff visit	£600	Up to £0.4368m for estimated 14 young people

Providers will only be accepted onto the framework within the agreed price banding, which is in line with the current market rates and the Council would only pay for the placement costs as and when a placement is required. By using a framework provider on an agreed price banding, this should help to reduce our spot purchases which can be at an increased cost.

The Children in Care service will incur the Supported Accommodation costs, and the estimates of costings provided are affordable within the budgets agreed for 2022/23 onwards. Should the estimated costs change then the financial impact will need to be revised.

There is a risk that inflation has not been included in the above estimates. Monitoring of any agreed increases in future years is essential to ensure that there is no impact to MTFP.

To ensure value for money for the Council, and to achieve saving targets (including Transformation) already committed in the MTFP for 2022/23 onwards, the service should seek to utilise our Internal Provision, Supported Lodgings scheme and Semi-independent Block Contracts before using the Supported Accommodation providers on this framework.

6. Legal colleague comments

The proposals in this report seek to secure the procurement of Supported Accommodation for Children in Care in partnership with other D2N2 councils.

It is proposed that Derby City Council will be the lead and will undertake a compliant tender process to establish a framework of suitable providers. Nottingham City Council and other D2N2 authorities will be named contracting authorities on the framework who will be permitted to call off from it for their requirements.

Expenditure on individual call offs under the framework will be in accordance with the Council's Constitution and scheme of delegation number 274a.

It is understood that there is an inter-Local Authority partnership agreement already in place which sets out the legal relationship between the D2N2 partners. It is anticipated that this agreement will be amended to include the additional Supported Accommodation requirements.

Legal services will support as appropriate with respect to the documentation that is required to be established between the parties.

Dionne Screamon - Senior Solicitor, Contracts and Commercial, 29 March 2022

7. Other relevant comments

7.1 Procurement colleague comments

This decision relates to the commissioning and procurement of Supported Accommodation for Children in Care in partnership with other D2N2 councils and led by Derby City Council. It is proposed that Derby City Council will undertake a compliant procurement process to establish a framework of suitable providers and that Nottingham City Council and other D2N2 authorities will be named as users of the framework for call offs as required. Expenditure on individual call offs under the framework will be in accordance with the Council's scheme of delegation 274a. An inter Local Authority partnership agreement

already in place which sets out the legal relationships between the participating D2N2 partners will be amended to include the Supported Accommodation framework. These proposals are supported from a procurement perspective.

Jo Pettifor - Category Manager, Strategy & People, 24 March 2022

8. **Crime and Disorder Implications (If Applicable)**

8.1 N/A

9. **Social value considerations**

9.1 Consideration has been given to how the services being commissioned could improve 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.

9.2 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.

9.3 There is potential to create increased employment opportunities for local citizens due to residential care provision either being established or expanding in the D2N2 area.

10. **Regard to the NHS Constitution (If Applicable)**

10.1 N/A

11. **Equality Impact Assessment (EIA)**

11.1 Attached as appendix 2, and due regard will be given to any implications identified in it.

12. **Data Protection Impact Assessment (DPIA)**

12.1 Currently being developed, and due regard will be given to any implications identified in it.

13. **Carbon Impact Assessment (CIA)**

13.1 A CIA is not required.

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

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

15. **Published documents referred to in this report**

15.1 Nottingham City Council's Children in Care Placements - Commissioning and Sufficiency Strategy 2021-23.

15.2 Nottingham City JSNA Children in Care (2017).