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Nottingham City Council

Commissioning and Procurement Executive Committee

Minutes of the meeting held at Loxley House, Station Street, NG2 3NG, on 21 May 2024 from 9.30 am - 9.50 am

Membership

Present

Councillor Linda Woodings (Chair)
Councillor Cheryl Barnard
Councillor Jay Hayes
Councillor Pavlos Kotsonis (non-voting)
Councillor Ethan Radford

Absent

Councillor Corall Jenkins

Colleagues, partners and others in attendance:

Dawn Cafferty - Head of Procurement
Tammy Coles - Public Health Principal
Mark Leavesley - Governance Officer
Tony McArdle - Commissioner

Call-in

Unless stated otherwise, all decisions are subject to call-in. The last date for call-in is 30/05/2024. Decisions cannot be implemented until the working day after this date.

1 Appointment of Vice-Chair

Resolved to appoint Councillor Jay Hayes as Vice-Chair for the municipal year 2024-25.

2 Apologies for absence

Councillor Jenkins - personal

3 Declarations of interests

None.

4 Minutes

The Committee agreed the minutes of the last meeting held on 12 March 2024 as a correct record and they were signed by the Chair.

5 Rough sleeping drug and alcohol treatment grant 2024/25 - key decision

Councillor Kotsonis, Executive Member for Adult Social Care and Health, introduced the report.

Tammy Coles, Public Health Principal, presented the report and stated the following:

- a) in May 2021, the Council was invited to apply for funding through the (RSDTAG) for services to be delivered in 2021/22 and 2022/23. The purpose of the funding was identified as to;
 - support people experiencing, or at risk of experiencing rough sleeping to access and engage in drug and alcohol treatment;
 - ensure that the engagement that people have had with drug and alcohol treatment services whilst rough sleeping or in emergency accommodation is maintained as they move into longer terms accommodation;
 - build resilience and capacity in local drug and alcohol treatment systems to continue to meet the needs of this population in future years;
- b) the Council's application was approved by Public Health England in October 2021, and the receipt and spend of the allocation (total value of £1,016,044 to 31 March 2023) was approved by Commissioning and Procurement Executive Committee in December 2021;
- c) following this, a contract variation to Nottingham Recovery Network for the provision of Substance Use Treatment and Recovery services was issued. The programme has commenced and is live and operational;
- d) in April 2022, it was confirmed that RSDATG would be extended until the end of March 2025 (subject to treasury approval) and the Council were invited to undertake a review of the current RSDATG staffing model and associated project costs and submit a revised proposal for a period of 21 months (1 July 2022 to 31 March 2024);
- e) in July 2022, the Council received notification of its funding allocation for RSDATG for 2022/23 and 2023/24 as follows:
 - 2022/23 allocation £980,356;
 - 2023/24 allocation £948,674;
- f) the 2022/23 allocation included funding previously awarded and covered by spend approval for up to £1,016,044 (CPEC, 14 Dec 2021) and spend approval for the 2023/24 allocation was obtained via this Committee on 13 September 2022;
- g) in June 2023, the Office for Health Improvement and Disparities (OHID) informed us of an indicative allocation of £1,035,966 for 2024/25, subject to ministerial sign off, and on 27 March 2024, OHID confirmed Nottingham City's RSDATG budget for 2024/25 as £1,035,965.

Resolved to approve

- (1) receipt of funding up to a total of an additional £1,035,965 from the Office for Health Improvement and Disparities for the delivery of a range of**

additional drug and alcohol treatment activity for people sleeping rough (and those at risk) to 31 March 2025;

(2) spend of;

(a) £32,854.50 to increase substance use commissioning staffing resource in line with grant conditions:

(b) £1,003,110.50 from 1 April 2024 to 31 March 2025 for the provision of Substance Use Treatment services via a contract variation to the Nottingham Recovery Network contract for the provision of Substance Use Treatment services (in accordance with Article 18.110 of the Contract Procedure Rules).

Reasons for recommendations

- a) the report sought approval to receive a revised allocation of the ringfenced Rough Sleeper Drug and Alcohol Grant (RSDTAG) for Nottingham City for 2024/25. The grant was first awarded in Autumn 2021, with funding allocated until March 2023. The Office of Health Improvement and Disparities (OHID) have subsequently confirmed a revised (and increased) allocation for 2022/23 and 2023/24. The allocation for 2024/25 was confirmed by OHID in March 2024;
- b) OHID have approved a proposal for the use of this funding, which includes a contribution towards the public health and commissioning workforce. Recommendation 2 refers to the use of this towards a post within the public health team at Nottingham City Council;
- c) the existing adult substance use treatment and recovery services, who provide this grant funded activity, have contracts through to 30 September 2028, and a contract variation is proposed to continue the Grant-funded activity (recommendation 3) within this contract;
- d) approval to vary the main contract for the existing drug and alcohol treatment system in Nottingham has been sought to ensure that existing delivery of this activity continues. The delivery of this activity will also build on the infrastructure provided through the existing core treatment and recovery service, avoiding costs incurred through duplication of this activity to secure value for money. The existing service is contract managed and has been assessed as performing well.

Other options considered

- a) Not to take receipt of the funding awarded by OHID through the Rough Sleeping Drug and Alcohol Grant. This option is not recommended on the basis that to not take receipt of the funding will lose the opportunity to assist more people to recover from drug and alcohol use and to move towards settled accommodation. This option would also end the activity of the current team within Nottingham Recovery Network.

6 Fee levels for Children in Care Placements 2024/25 - key decision

Councillor Barnard, Executive Member for Children, Young People and Education, presented the report and stated the following:

- a) the Council has a statutory duty to ensure sufficient accommodation for its looked-after children and young people, which meets their needs in its authority area (section 22G of the Children Act 1989 'the sufficiency duty'), balanced against budget commitments and pressures for the Council;
- b) to support this duty, the Council commissions children's care placements (including residential care homes and foster care) from external agencies through several mechanisms. This includes collaborative framework agreements such as the D2N2 Children in Care Framework (D2N2 CiC Framework) and the East Midlands Regional Framework, block contracting and spot purchasing arrangements;
- c) price reviews for these externally commissioned placements are undertaken annually in line with contract terms and conditions. Due to the current unprecedented economic climate, the annual inflationary increase is expected to exceed that ordinarily applied and is subject to council discretion;
- d) decisions for price increases are based on a range of factors, such as the current market position, cost of living indices and Office of National Statistics data. Specifically, consideration has been given to the National Living Wage and other pressures, such as cost of living, pensions, profit margins and voids. This proposal also considers the MTFP (Medium Term Financial Plan) position and other financial pressures;
- e) under the D2N2 CiC Framework, weekly prices will increase annually, at the discretion of D2N2 by 1.5% or CPI, whichever is the lower. Should CPI rise above 3%, the Contracting Authorities will review the annual increase. The current CPI is 4.2% as of 17 January 2024;
- f) in the Autumn Statement, issued on 22 November, it was confirmed that National Living Wage would increase by 9.77% to £11.44 and that this new rate would also apply to 20 to 23-year-olds (over 11% increase). Energy prices also rose in January 2024 following an increase to the energy price cap;
- g) this proposal is put forwards against a backdrop of increased demands on children's social care, policy change, difficulty in attracting workers into the care sector, due to competition from other sectors, and lack of capacity within the children's placement market;
- h) nationally, the children's placement market is functioning inefficiently. A market study (undertaken by the Competition and Markets Authority in 2021/22) reported significant problems in how the placements market functions and made several policy reform recommendations to the Government. Concerns included a lack of placements (of the right kind in the right place) high-profit levels, pricing, and debt within the market's most significant private providers;
- i) an increase in fee-rates for placement takes effect from April 2024 on the D2N2 CiC framework. Where frameworks are pan-local authority, the Council will

engage with those local authorities as required. The D2N2 CiC framework is joint with Derby City, Derbyshire County and Nottinghamshire County Council;

- j) the framework is the primary mechanism for commissioning new placements for children in residential and foster care, with 92% of new fostering placements and 56% of new residential placements made through this Framework over the budget year 2022-23.

Dawn Cafferty, Head of Procurement, confirmed that the commissioned services are contracted through compliant procurement processes, and the placement rates proposed consider factors impacting the provider market and sought to ensure fairness and consistency across all providers and reflect the affordability constraints of the local authority. The uplifts have been developed using recognised inflation and living wage requirements, and these uplifts are allowed within the contracts.

Resolved to

(1) approve the:

(a) proposal for the fee levels for Children's Care Placements, as outlined in the exempt appendix;

(b) total spend of up to £3.549 million, which represented a 4.0% increase in accordance with the D2N2 and East Midlands Regional Partners, aligned with the contract terms, which also included authorisation for spend on high-cost placement provision through the Council's scheme of delegation for Children's Care Packages;

(2) delegate authority to the Director of Commissioning and Partnerships, in consultation with the Director for Children's Integrated Services, to agree fee levels in accordance with the proposals detailed in the exempt appendix, subject to the outcome of further engagement with providers and in line with the Council's budget (subject to engagement and resolution 3 below), and implement from April 2024;

(3) note that upon completion of the consultation, a further approval from this Committee would be sought if the financial impact of any revised proposals exceeded the approved fee uplift budget of £3.549m in 2024/25.

Reasons for recommendations

- a) Nottingham City Council considers the fee levels for children's care placements on an annual basis and, in doing so, will take account of several factors within the context of the broader financial position of the Council;
- b) the Council has a statutory duty to ensure sufficient accommodation for its looked-after children and young people, which meets their needs in its authority area (section 22G of the Children Act 1989, 'the sufficiency duty'), balanced against budget commitments and pressures for the Council;

- c) where the Council is party to pan-local authority frameworks, there must be engagement with the local authorities' party to these framework agreements. Where the outcome of these discussions requires consideration of a meaningful change to the financial consequence of these proposals (with due regard given to the available budget), a further report will be presented through the appropriate governance process;
- d) these proposals and the associated financial modelling are based on available information about service utilisation and demand;
- e) the recommendations presented take account of the implications of inflationary pressures on the children's placements market and aim to represent a fair allocation of funding to support the market across all service areas. The proposals seek to support a sustainable, efficient, and effective market within the available resources.

Other options considered

- a) do nothing – In order to meet the sufficiency duty and avoid higher costs and distant off-framework placements, it is important to act due to the current economic pressures and insufficient capacity in the market. Failing to do so runs the risk of providers not being able to offer placements for children in Nottingham;
- b) offer different fee rate proposals. It is not recommended to offer different fee rates for Children's Social Care as the proposals are already based on market knowledge, feedback from providers, and budget pressures. D2N2 has employed a joint post to understand market forces and risks to placement sufficiency. Final proposals have considered the potential impact on service delivery and the risk of market failure;
- c) benchmarking carried out in September 2023 on rates paid to external providers in the first quarter of this financial year show that Nottingham City pays approximately 7% less than the average of other regional providers for residential, with only Rutland having lower average rates;
- d) for supported accommodation, a snapshot for July and August showed our average rates were 32% lower than regional comparators (with only Leicestershire having lower rates). Any inflationary increase under the 5% agreed by D2N2 and regional partners would seek to highlight these differentials and would make it more likely providers would challenge us and/or prioritise other authorities for placements;
- e) leaving the sub-regional framework/establishing a Nottingham City-only procurement mechanism. This option was rejected because a sub-regional framework allows a significantly greater ability to manage the market, minimise operating costs, benefit from volume and allow joint learning, identification, and dissemination of best practice;
- f) additionally, there needs to be more time to establish a Nottingham City-only framework, which we do not believe would deliver the best value as we do not have the volumes of work to attract sufficient suppliers to a potential Nottingham City-only framework.

7 Dates of future meetings

The Committee agreed to meet at Loxley House, Station Street, NG2 3NG, at 9.30am on the following Tuesdays during the 2024-25 municipal year:

<u>2024</u>	<u>2025</u>
11 June	14 January
09 July	11 February
10 September	11 March
15 October	15 April
12 November	
10 December	

8 Exclusion of the public

The Committee agreed to exclude the public from the meeting during consideration of the remaining item in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

9 Exempt appendix - Fee levels for children in care placements 2024/25

The Committee noted the exempt appendix to item 6 (minute 6 above).

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