

Decision Report – Cabinet Decision

Decision date – 19th December 2018

South West Peninsula Framework Contract for Independent Residential Children’s Homes

Cabinet Member(s): Cllr Frances Nicholson – Cabinet Member for Children and Families

Division and Local Member(s): All

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	Seen by:	Name	Date
	County Solicitor	Honor Clarke	14/11/2018
	Monitoring Officer	Scott Wooldridge	14/11/2018
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	Human Resources	Chris Squire	14/11/2018
	Property	Paula Hewitt / Claire Lovett	14/11/2018
	Procurement / ICT	Simon Clifford	14/11/2018
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	Commissioning Development Team	commissioningdevelopments@somerset.gov.uk	Strategic Commissioning Group on 10 th December
	Local Member(s)	All	N/A
	Cabinet Member	Cllr Frances Nicholson	14/11/2018
	Opposition Spokesperson	Cllr Jane Lock	14/11/2018
	Relevant Scrutiny Chairman	Cllr Leigh Redman	14/11/2018
Forward Plan Reference:	FP/18/09/01		
Summary:	<p>This report gives information regarding the recommendation to award a framework contract for Independent residential children’s homes. Independent children’s homes offer individual residential placements to the council for children looked after. Fostering placements are made through a different framework and are not included in this contract.</p> <p>Somerset is part of the Peninsula Commissioning and Procurement Partnership (PCPP), a longstanding collaboration between Devon County Council, Plymouth City Council, Torbay Council and Somerset County Council. Devon County Council (DCC) is leading the joint procurement on behalf of the partnership.</p> <p>Since 2006 the council has collaborated with the Peninsula to purchase residential placements from the independent sector. The current framework expired on 30th September 2018. A competitive tender exercise has been carried out, the deadline</p>		

	<p>for which was 5th October 2018, and independent residential children’s home providers have submitted bids for admission to the new framework. The new framework will commence on 1st February 2019 for a period of 4 years.</p> <p>The new framework includes eleven independent residential providers, all within Somerset.</p> <p>Framework prices have not been updated for five years, except for some increases awarded during the framework for living wage and sleep-in rates. It is therefore expected that the new framework will incur higher prices as providers update their fees. However, the council’s Placement Team negotiates fees for each individual placement based on need, and will continue to do so to ensure the potential increase in price is mitigated.</p> <p>In a non-key decision taken on 9th August 2018 (Appendix A) the Director of Children’s Services authorised Somerset’s participation in the Peninsula procurement process.</p> <p>As at November 2018, Somerset County Council had 54 children looked after placed in residential care, compared with 214 placed in in-house foster care and 156 in independent fostering provision. It is anticipated that Somerset County Council’s spend on residential placements in 2017/18 will be in the region of £11.5 million but steps are being taken to reduce spend on residential care in favour of fostering where possible. The framework is therefore one of many steps being taken by the council to control and reduce costs as part of the financial imperative programme.</p>
<p>Recommendations:</p>	<p>That Cabinet:</p> <ol style="list-style-type: none"> 1. Authorises the Director of Children’s Services to enter into the Peninsula Framework for Independent Residential Children’s Homes for a period of 4 years (48 months) from 1st February 2019. 2. Agrees the case for exempt information for Appendix A to be treated in confidence, as public disclosure of the commercially sensitive data contained within would prejudice the Council’s position in ensuring competitiveness of future tender processes. 3. Agree to exclude the press and public from the meeting where there is any discussion at the meeting regarding exempt or confidential information (Appendix A).
<p>Reasons for Recommendations:</p>	<p>Without a framework in place, future purchases of independent residential children’s placements are likely to be made as spot purchases with individual contracts. This is a risk at the point of purchase, when we will rely on our placements team to negotiate</p>

	<p>a good price. The framework provides clarity of costs for all, although is still open to negotiations at the point of placement.</p> <p>The proposed framework will secure the supply of high quality, locally available placements. In order to achieve positive outcomes for vulnerable children and young people, there is a focus on supporting placement stability and permanence for children and young people, as well as ensuring residential providers will work closely with us on ‘step-down’ from residential to fostering or semi-independent living.</p> <p>The framework agreement will also aim to achieve improved value for money for placing authorities through greater transparency of pricing and competition through call-off.</p> <p>The accompanying confidential appendix contains commercially sensitive information relating to the contract and the Council’s financial and business affairs. Officers recommend that this is treated as exempt information. “Exempt information” is defined by Section 100 of the Local Government Act 1972, by Schedule 12A to that Act.</p>
<p>Links to County Vision, Business Plan and Medium Term Financial Strategy:</p>	<p>This decision directly links to actions in the Children and Young People’s Plan (CYPP) and supports the priorities within the County Plan around Children’s Services. It also links to the Council’s Social Value Policy as working together across the Peninsula area will maximise the impact of public expenditure.</p>
<p>Consultations and co-production undertaken:</p>	<p>Two market engagement events were held on 30th January and 21st September 2018 to consult and engage with providers of residential children’s homes. This engagement informed the procurement process and resulted in a more robust exercise.</p> <p>Consultees listed in this document were consulted from 14th November to 5th December 2018.</p>
<p>Financial Implications:</p>	<p>A financial analysis has been completed utilising proposed price submissions.</p> <p>All existing placements will remain at the existing price. All new residential placements from 1st February 2019 will be subject to the rates of the new framework.</p> <p>As at November 2018 there are 54 children in residential placements, at a total cost of £218,532 per week. The current projected spend for 18/19 is £11,516,445. The number of residential placements has risen slowly in the past twelve months, but decreased recently as a result of additional work to reduce the council’s use of residential placements. The recent expansion and development of Team 8 and the Children’s Adolescent Team (CAT) has had a significant effect on the</p>

	<p>number of children coming in to care. In the last quarter, the rate of residential placements made has reduced from four per month to one per month. This is subject to unpredictable fluctuations in demand, so future predictions are based on emerging and changing data.</p> <p>The average cost for a residential placement from the current framework is £3918 per week. Placements purchased off-framework cost an average of £4611. The new tender provides an average cost of £4084 from providers on the framework. This is an increase of 4.2%, which results in a potential increased cost of £512,246. This is based on an assumption that residential numbers will remain the same, although recent evidence shows residential numbers are likely to decrease. The potential increased cost given is therefore a pessimistic projection.</p> <p>Savings targets for placements in 19/20 are proposed at £907k. The majority of these savings will be found through reductions in residential placements, by focussing on family-based placements instead, as well as moving children out of residential who are ready to live in a family or semi-independent environment. We have worked with LGA consultants, PeopleToo, who have identified three further ways to reduce costs – these are included in the £907k saving:</p> <ul style="list-style-type: none"> • Reduce average Independent Fostering Agency costs • Reduce average residential costs • Bring out of county residential placements back to Somerset <p>The strategy to achieve these savings and reduce residential numbers will take a whole-system approach, focussing on de-escalation to bring current numbers down, maintenance to keep numbers low, and increasing community capacity to prevent demand from rising. Where new residential placements are made, these will be short-term, with intensive work to stabilise and prepare for a less intensive placement in the long-term. Making better use of foster carers in Somerset by improving relationships and increasing support, will be key. A focus on reunification with parents, or friends and family, will also support capacity in fostering. Increasing community capacity through initiatives like Safe Families, Pause, Home Start and Yeovil Families will aim to keep families together and prevent a rise in children looked after. It will be key to pilot new approaches, ensuring we make use of recent research to provide families with the most effective support.</p>
<p>Legal Implications:</p>	<p>Somerset County Council has a statutory duty to provide sufficient placements for children looked after which meet their needs. Independent residential children’s homes are essential to meeting the demand for placements in Somerset.</p>

	<p>The framework agreement itself is not contractually binding on SCC and so its execution by DCC does not have any contractual implications for SCC.</p> <p>Given the position of SCC as Contracting Authority in relation to the Framework Agreement and taking onto account the value of the framework agreement, I advise that the council should make a key decision to confirm its agreement to the award of the Framework Agreement.</p> <p>Confidential Appendix B to this report sets out further advice in respect of the Council's obligations under procurement law.</p>					
HR Implications:	No HR implications to be considered.					
Risk Implications:	<p>If the Council were to rely heavily upon independent residential children's homes to provide placements to children looked after, there is a risk of overspend. The mitigation for this includes current work to consistently improve social work practice, focus on supporting families to keep their children, and grow the fostering market.</p>					
	Likelihood	1	Impact	3	Risk Score	3
Other Implications (including due regard implications):	<p><u>Equalities Implications</u></p> <p>The service is expected to have a positive impact on children looked after in Somerset. The needs of each child are recorded and explored by the social worker, and these are represented when searching for a placement. The placement decision will depend on the child's identified needs, and if these cannot be met by the provision, then the child will not be placed there. This is routine practice, therefore no change and no adverse effects are expected. Each organisation's commitment to equality will be checked and enforced through the procurement and subsequent monitoring process. It has therefore been agreed with the Corporate Equality Manager that no Equalities Impact Assessment is required.</p> <p><u>Community Safety Implications</u></p> <p>No implications foreseen.</p> <p><u>Sustainability Implications</u></p> <p>No implications foreseen.</p> <p><u>Health and Safety Implications</u></p> <p>No implications foreseen.</p> <p><u>Privacy Implications</u></p>					

	<p>No implications foreseen.</p> <p><u>Health and Wellbeing Implications</u></p> <p>Providing sufficient residential placements within Somerset is expected to have a positive impact on the mental health and wellbeing of children looked after in Somerset.</p>
Scrutiny comments/ recommendation (if any):	Not applicable.

1. Background

- 1.1. Somerset is part of the Peninsula Commissioning and Procurement Partnership (PCPP), a longstanding collaboration between Devon County Council, Plymouth City Council, Torbay Council and Somerset County Council. Devon County Council (DCC) is leading the joint procurement on behalf of the partnership.
- 1.2. Since 2006 the council has collaborated with the Peninsula to purchase residential placements from the independent sector. The current framework expired on 30th September 2018. A competitive tender exercise has been carried out, the deadline for which was 5th October 2018, and independent residential children's home providers have submitted bids for admission to the new framework. The new framework will commence on 1st February 2019 for a period of 4 years.
- 1.3. The aim of the tender is to award 'Lots' for different geographical locations of residential care, each for a duration of two years with an option to extend for a further two years. (1st February 2019 - 31st January 2023). The framework is split into three geographical areas; Devon, Plymouth and Torbay; Somerset; Outside Peninsula Boundaries (including Cornwall). The framework therefore captures provision within the Peninsula, as well as bringing provision outside the Peninsula under a formal framework contract. Bidders can bid for either or both local Lots, or the outside boundary Lot. The aim of the procurement process is to create approved ranking lists for each geographical area.

2. Options considered and reasons for rejecting them

- 2.1. If we did not pursue a collaborative framework agreement with our Peninsula partners our alternatives would be:
 - To spot purchase residential placements via individual contracts with providers. This arrangement would not be compliant with our Contract Procedure Rules or the Public Contracts Regulations 2015. It would also give rise to undue administrative burdens across the service and beyond to colleagues within the Commercial and Procurement team, who would be involved in the raising of new contracts, as well as in relation to the monitoring and management of contracts.
 - To pursue our own fully compliant framework agreement or dynamic purchasing system. However, this may lead to higher costs for the Council due to the disaggregation of Somerset's spend from the wider

Peninsula pot. It could also weaken our voice across the region and our position as a strategically important customer to market participants.

- 2.2. Without a framework in place, future purchases of independent residential placements are likely to be made as spot purchases, where all aspects of the provision are negotiated at the time of placement, including making a full assessment of quality. This is a risk, as we will rely on our placements team to negotiate a good price and good quality each time a child is placed, which requires more capacity than a framework which gives a pre-agreed position.

3. Background Papers

- 3.1. Appendix A – Peninsula Residential Framework Tender, Non-key decision by the Director of Children’s Services, 9th August 2018.

Appendix B – Confidential Legal Advice

Somerset County Council Sufficiency Statement for Children Looked After and Care Leavers 2016-2019 <http://www.somerset.gov.uk/childrens-services/care-and-chaperoning/children-in-care/>

Somerset Children and Young People’s Plan 2016-2019
<http://www.somerset.gov.uk/policies-and-plans/plans/children-and-young-peoples-plan/>