



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

26 September 2022

Report of the Executive Director of Children's Services

Procurement of a block contract for Children's residential placements

1. Divisions Affected

1.1 County-wide

2. Key Decision

2.1 This is a key decision due to it being over £500,000. However, this is diverted spend and not additional spend on the current Children's Services budget.

3. Purpose

3.1 The purpose of this report is to outline the current needs within the Children's home residential sector and propose how block contract agreement could help towards meeting those needs.

3.2 Cabinet are asked to:
a) Review and approve

4. Information and Analysis

In 2022, we externally commission almost 75% of our children's residential care settings (at an approximate cost of £23.7 million per year). This proposed block contract arrangement would utilise a proportion of this spend.

As with the national trend, Derbyshire's number of children in care continues to rise, with currently 952 children in care. Compared to 711 in March 2018, there has been a 25% increase in just under four and a half years. We expect this trend to continue. This equates to children in care numbers increasing by 53 children per year.

We currently use a framework to call off for our residential placements in collaboration with 3 other authorities – Derby City, Nottingham City and Nottinghamshire – known as the D2N2. We are two years into the framework and whilst it is improving our levels of contracted spend, we still have additional capacity needs outside of this framework.

The forward procurement plan for 2022-23 outlined funding of £8 million to contract with a provider to deliver residential provision over 4 years (CCS011 – “D2N2 Block Contract Arrangement for Residential and IFA Placements”).

Further market testing has demonstrated that providers want a longer contract to deliver a block residential service and therefore the funding identified in the forward plan of procurement is not enough to meet these needs.

The Social Care Review has outlined the volatility in the children's residential sector, and it is therefore crucial we find new ways to respond to this to ensure the safety of our children, deliver good quality care, to create further efficiencies and to allow us to do all of these things in a timely and cost effective manner. This contracting arrangement would be an attempt to begin towards 'fixing the broken care market' and to control spend and ensure that we begin to respond to the market to show our firm belief that 'providing care for children should not be based on profit'. (McAllister, May 2022, page 5).

5. Consultation

- 5.1 Consultation with the external market has already taken place. Originally, the forward plan outlined £8 million over 4 years for engagement on block contracting arrangements (CCS011). Through market research with external providers and other authorities, it has been made clear that this would be considered weak in its attractiveness to the market. The market currently is extremely buoyant, and a lot of providers are therefore not engaging in block contract or framework arrangements, as they are easily able to fill their placements through off contract arrangements – where there is more flexibility for the provider, meaning less flexibility for an authority often. Therefore, for it to become more attractive to the market, (and more in line with our

current needs), the contract needs to increase in the number of beds and contract length.

6. Alternative Options Considered

- a) Go out to tender as planned and agreed in the forward plan (maximum value of £8 million over 4 years): From reviewing our current needs and market engagement, it is clear this is not attractive, and will receive very few bids (if any) and more importantly, will not fully address the current issues around placement sufficiency.
- b) Do nothing and continue to purchase placements as we are – through framework and non-framework arrangements, with limited control over the external market. This option is not preferred as it gives us less control over the market and leaves us vulnerable to rising costs in the residential market.

Implications

- 6.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.
- 6.2 The main aim of implementing this varied block contract for children's residential home provision is to ensure we can begin to meet our needs within this sector whilst allowing us to also ensure the following through this becoming contracted spend:
 - Better quality of provision delivered for our children in care.
 - Better monitoring and management of contracts and therefore ensuring our Children in Care receive improved outcomes.
 - Increasing efficiencies around residential placements and stimulating the local market to encourage new local provision.
 - Better Value For Money placements, linking into being an enterprising council.
 - Increasing opportunities of cost avoidance.

7. Background Papers

- 7.1 D2N2 Market Position Statement

8. Appendices

- 8.1 Appendix 1- McAllister, J. "Social Care Review, Executive Summary", May 2022.
- 8.2 Extract from 'CS 2021 -25 service plan (refresh)'

9. Recommendation(s):

That Cabinet:

- a) Approve a procurement solution of a block contract for children's residential placements for:
- Contract term: 3 years, +2 years +2 years
 - Maximum contract value: £4.5 million per year
 - (A maximum of £31.5 million over a 7-year term)
- b) Approve the spend from the current placement budget.

10. Reasons for Recommendation(s)

- 10.1 This recommendation will support an increase in placement sufficiency in a more measured and monitorable approach. It will help address some of the needs around placements and facilitate better engagement with the external market. This recommendation is not for 'new spend' and will be met from the existing placements budget. A block contract will ensure we receive better value for money and improved outcomes for our children in care.

11. Is it necessary to waive the call-in period?

- 11.1 No

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Implications
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a) Financial

Costs will be from existing placement budget and there will be no additional costs associated with this procurement. Discussions have taken place with members of the team in finance and they are in agreement with the proposal.

b) Legal

Legal implications have been analysed through risk analysis with procurement colleagues and will continue to be involved and advice sought if permission for this arrangement is granted.

c) Human Resources

No internal posts affected, therefore no anticipated Human Resources implications.

d) Equalities Impact

N/A.

e) Corporate objectives and priorities for change

Enterprising council will be addressed by ensuring we are responding to current challenges and that we are prepared for the future, ensuring value for money whilst improving contracting arrangements and outcomes for our children in care.

Vision Derbyshire will also be addressed by working with partners in new and powerful ways, which will help create more resource.

It would also be anticipated that Thriving Communities work can feed into our local areas (due to this being desired to be a locally focussed contracting arrangement) to ensure people and places thrive.