

<b>DECISION-MAKER:</b>	<b>CABINET COUNCIL</b>		
<b>SUBJECT:</b>	<b>BLOCK CONTRACT FOR CHILDREN'S RESIDENTIAL SERVICES FOR LOOKED AFTER CHILDREN</b>		
<b>DATE OF DECISION:</b>	<b>19 NOVEMBER 2019 20 NOVEMBER 2019</b>		
<b>REPORT OF:</b>	<b>CABINET MEMBER FOR ASPIRATION, CHILDREN AND LIFELONG LEARNING</b>		
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<b>STATEMENT OF CONFIDENTIALITY</b>			
NOT APPLICABLE			
<b><u>BRIEF SUMMARY</u></b>			
<p>Over the last year Southampton City Council has regularly had in excess of 30 children and young people in its care whose needs require residential care. Owing to the scarcity of appropriate, local placements, the majority of these children are in residential placement a long distance from the city.</p> <p>The proposal is to enter into block contracts with one or several providers on the existing Children's Residential Care Framework for 3 – 6 beds in the Southampton and/or surrounding area, having run a mini competition, in order to achieve more competitive rates and better access to beds locally. Under a block contract, a provider is guaranteed a fixed payment for a number of beds whether they are used or not. Generally this is at a lower price than would be paid if the beds were purchased on a spot purchase basis. The block contract/s would be to meet a full range of needs, including challenging behaviour, of Southampton looked after children. Key aims are:</p> <ul style="list-style-type: none"> <li>○ To keep children local, thereby increasing their chances of maintaining links with their local community, family and friends where this is in the child's best interest;</li> <li>○ To maximise potential in the longer term for repatriation with a child's own family or step down to foster care by enabling local social care and health services to continue working with the child whilst in residential care;</li> <li>○ To prevent the need for an out of city school placement as a result of lack of care provision to meet a child's needs within the city;</li> <li>○ To reduce spend on out of city placements (education and care) and achieve reduced rates by putting in place a block contract arrangement</li> </ul>			
<b>RECOMMENDATIONS:</b>			

Cabinet		
	(i)	To delegate authority to the Director of Integration and Quality, following consultation with the Leader of the Council, Cabinet Member for Aspiration, Schools & Lifelong Learning and Director of Children's Services, to enter into, following a mini competition, one or two Block Contracts for 3-6 beds with providers on the existing Children's Residential Care Framework.
Council		
	(i)	To authorise the spend by the Council necessary to enter into one or two Block Contracts for 3-6 beds with providers on the existing Children's Residential Care Framework, following a mini competition, up to a total value of £5,963,880.
<b><u>REASONS FOR REPORT RECOMMENDATIONS</u></b>		
1.		The recommendation will enable the Council to enter into block contract arrangements for Children's Residential Care Services to increase local choice and placement stability whilst improving the unit cost of commissioned residential placements.
2.		Commissioning this service via a call-off from an existing Looked After Children's Residential Care Framework will, if successful, generate better value through a competitive bidding process. Wider system savings will also be generated by placing children within or close to the City, for example through reducing the time and travel costs associated with Social Workers supporting children over long distances, giving children the opportunity of staying in local schools, being closer to family and friends for contact and being able to access local health and therapeutic services that already know them and understand their needs.
<b><u>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</u></b>		
3.		Use of SCC property to establish a local residential provision owned and operated by the Council is also being considered, but would not be available in the short term as a solution to the Council's current level of need for such provision, mainly because suitable accommodation would first have to be found and the provision would need to be mobilised from scratch. There are moves to investigate the feasibility of establishing such provision in-house, but for the medium to longer term. Even if this becomes a viable option, it is unlikely that such provision would grow to meet all of the residential care needs of Southampton children in care.
4.		Continuing only to call off residential placements from the existing residential framework on a one by one basis was considered, but the recommended option provides greater scope for achieving better outcomes and better value as part of a more stable commissioning arrangement and partnership with a residential care provider than is possible when calling off residential placements on a spot purchase basis.
<b><u>DETAIL</u></b>		
5.		As part of its strategy to improve outcomes for looked after children, Southampton City Council (SCC) is proposing to enter into, following a mini competition, one or two block contracts from Lot 1 of the existing Children's Residential Care Framework, either alone or in partnership with other Local

	Authorities from the Consortium of Authorities who use the Children's Residential Care Framework.
6.	<p>The proposed block contract arrangement/s would deliver the following provision:</p> <ul style="list-style-type: none"> <li>• 3-6 beds either in Southampton or in the surrounding South Central area;</li> <li>• For planned and same day placements;</li> <li>• <u>LOT1</u> - The provision of residential care and accommodation is required to meet the full range of needs, including challenging behaviour, of looked after children and young people, this includes 16+, this could include young people who are: <ul style="list-style-type: none"> <li>○ particularly vulnerable because of mental health needs which fall just below the threshold for mental health services or secure welfare</li> <li>○ at risk of child sexual exploitation, trafficking and/or radicalisation and criminalisation</li> <li>○ diagnosed with learning difficulty such as mild Autism Spectrum Disorder (ASD)</li> <li>○ displaying oppositional and aggressive behaviours to others</li> </ul> </li> <li>• Referrals will be identified from a cohort of children who consist of: <ul style="list-style-type: none"> <li>• new admissions into local authority care</li> <li>• Step-up from foster care</li> <li>• Return from out of area residential care</li> </ul> </li> <li>• To access and work in partnership with local educational, health and specialist services for vulnerable children. SCC expect children to access local mainstream or special school provision and local Council or CCG provided mental health and therapeutic services wherever possible. The provider is expected to work in close partnership with local providers of these services to improve outcomes and facilitate engagement for the child in local services.</li> </ul>
7.	<p>The contract/s will be a fixed price agreed up front for all beds. The homes will need to be sited within the city or surrounding South Central area. This will help the council as a corporate parent to achieve a number of its aspirations and aims in relation to their care.</p>
8.	<p>The aims are:</p> <ul style="list-style-type: none"> <li>○ To keep children local, thereby increasing their chances of maintaining links with their local community, family and friends where this is in the child's best interest;</li> <li>○ To maximise potential in the longer term for repatriation with a child's own family or step down to foster care by enabling local social care and health services to continue working with the child whilst in residential care;</li> <li>○ To prevent the need for an out of city school placement as a result of lack of access to care provision to meet a child's needs within the city;</li> <li>○ To reduce spend on out of city placements (education and care), and the associated inefficiency and additional complications of delivering high quality social worker support to children a long way from Southampton;</li> </ul>

	<ul style="list-style-type: none"> <li>○ To improve the stability of placements for children in our care through having a higher proportion of the children in care living in residential care protected by better contractual protection against summary placement breakdown.</li> <li>○ To achieve best value through the reduced rates achieved by putting in place a block contract arrangement.</li> </ul>
9.	As at October 2019, Southampton has 38 children in out of city residential placements, many of whom are a considerable distance from the city. It is important that the residential care provider develops a close working relationship with Southampton's social care teams, local community mental health and other therapy, health and education services.
10.	This proposal will complement other proposals that the Council is considering with regard to better meeting the needs of Southampton Looked After Children, which will be subject to approval in due course. This includes the expansion of the Council's in house fostering service and development of a Specialist Tier 4 Fostering Service which will increase access to foster placements within the city, including for those children with more complex needs requiring an enhanced level of support. Collectively all these proposals are aiming to reduce the number of children requiring residential care in the long term and the number of children who are placed long distances from the city, at the same time as improving value for money. Achieving a greater share of such placements closer to the City will also improve wider social care quality by reducing the inefficiency of children's social workers having to travel long distances to see children placed a long way from Southampton.

### **Consultation with providers of CYP residential services**

11.	<p><b>Market Engagement</b></p> <p>Meetings were held with 3 providers on 9<sup>th</sup> and 10<sup>th</sup> May 2019 who had previously expressed interest in providing Block Contracts to SCC. The aim of the meetings was to ascertain the appetite from the market for block contracts and also to seek the market's views on the shape and content of the block contract. A key conclusion from the discussions was that a "virtual" block contract across all of a provider's properties would be preferable to a specific unit, mainly because it would enable more opportunity to match specific children to the home that best suits their needs and those of other children in the home and therefore reduce the risk of voids.</p>
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### **Proposed Timescale**

12.	The aim would be to award the contract/s in Quarter 4 2019/20 or Quarter 1 2020/21 with a view to having the provision in place during 2020/21.
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### **RESOURCE IMPLICATIONS**

#### **Revenue**

13.	<p>In addition to the complexity of achieving good residential care which is closer to home for children and young people in the Council's care, there is also a compelling value for money business case for negotiating such provision where possible through block contracting arrangements:</p> <ul style="list-style-type: none"> <li>• The current average annual cost of Southampton's existing residential care placements is £249,158 per annum per placement.</li> </ul>
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	<ul style="list-style-type: none"> <li>The annual average cost of a placement across Lot 1 of the Children's Residential Framework is £198,796 per annum.</li> <li>The intention would be to achieve a reduction of approximately 10% even on the average price for Children's Residential Framework placements through block contracting several placements. This would mean that providers are guaranteed a fixed payment for a number of placements whether they are used or not. Given the high number of residential placements currently in use for Southampton children in care (38) it is unlikely that there would be significant periods when such placements would be vacant.</li> <li>Based on these assumptions around prices and with the intention of (where appropriate) relocating children from their existing out area placements to the new block commissioned provision, the Council would achieve a saving of £151k per annum should 3 placements be block contracted or £302,000 per annum should 6 placements be block contracted when all .</li> <li>For the lifetime of the contract (5 years), this would equate to a saving of £755,000 (3 placements) or £1,510,000 (6 placements) respectively.</li> </ul>
14.	The maximum total lifetime value of the block contract would be £2,981,940 (over 5 years) for 3 placements and £5,963,880 (over 5 years) for 6 placements.
<b><u>Property/Other</u></b>	
15.	There are no property implications for SCC as the Framework Provider would provide the accommodation.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
16.	<p>The Council's duties in relation to Looked After children are set out in Part 3 of the Children Act 1989 and the Care Planning, Placement and case Review Regulations 2010 and associated secondary legislation and guidance.</p> <p>Sections 22A to 22D of the Children's Act 1989 deal specifically with the Council's duties to secure accommodation for a Looked After child and provide the framework for decisions as to the type and nature of accommodation appropriate for a child's specific circumstances. The Council has a duty under s.22(C)(5) where a placement with the child's parents is not possible to secure 'the most appropriate placement available' to promote and safeguard the child's welfare. Section 22(C )(7) to (9) requires (among other conditions) that 'in so far as is reasonably practicable' any placement must allow the child to live near his / her home and be within the local authority area. Alternative placements should only be considered where these conditions cannot be achieved or are otherwise determined not to be in the best interests of the child for safeguarding reasons.</p>
<b><u>Other Legal Implications</u></b>	
17.	The procurement of a block contract will be subject to compliance with UK Procurement legislation and the Council's Contract Procedure Rules, together with the requirements of the Equalities Act 2010, the Human Rights Act 1998 and the UN Convention on the Rights of A Child (UNCRC)
<b>CONFLICT OF INTEREST IMPLICATIONS</b>	
18.	None.

<b>RISK MANAGEMENT IMPLICATIONS</b>	
19.	<p>The main risks associated with this proposal relate to:</p> <ul style="list-style-type: none"> <li>• Price – the proposed procurement may not achieve prices that are lower than the current costs of existing placements. Given the average prices for Lot 1 of the existing Children’s Residential Framework, this is considered unlikely. The Council will also explore options for entering into block contract arrangements in partnership with other Local Authorities who are part of the existing Children’s Residential Framework consortium as a means of achieving a better price through greater economies of scale. The Council will also reserve the right, following a mini competition, not to award a block contract.</li> <li>• Voids – the Council may not be able to fill all the beds in the block contract/s. In order to mitigate this, the Council will ensure that arrangements are in place to “sell” any unused beds within the block contract/s to other Local Authorities in the Framework Consortium. The Council will also explore options for entering into block contract arrangements in partnership with other Local Authorities who are part of the existing Children’s Residential Framework consortium as a means of both achieving a better price through greater economies of scale and mitigating the risk of voids.</li> <li>• Failed tender – there is a risk that no providers will bid for the block contract and therefore the tender will have failed to secure a preferred bidder. This risk is being mitigated through market engagement as well as the consideration of partnership arrangements with other Local Authorities to make the offer to the market more attractive. Ultimately, should the tender fail to secure a preferred bidder, there is still the option to re-tender at a later date.</li> </ul>
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
20.	<p>The recommendations in this paper support the delivery of outcomes in the Council Strategy. The proposals particularly support the following priority outcomes in the Council Strategy by enabling children to remain within the city supported by the services that are familiar to them:</p> <ul style="list-style-type: none"> <li>• Children and young people in Southampton get a good start in life.</li> </ul>
<b>KEY DECISION?</b>	<b>Yes</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	The proposals could affect children, young people and parents/carers from any ward, and specifically relate to improving outcomes for those local children and young people living in the Council’s care as a corporate parent.
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	Equality Impact Assessment
2.	Privacy Impact Assessment

**Documents In Members' Rooms**

1.	None	
<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		YES
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		YES
<b>Other Background Documents</b>		
Other Background documents available for inspection at:		
<b>Title of Background Paper(s)</b>		<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
1.	None	