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## **Contracting Arrangements for Children's Accommodation and Support for 16/17-year olds (Housing Framework)**

### **Purpose**

- 1.1 This report provides an update on the current and proposed commissioning arrangements for the provision of support and accommodation for young people aged 16/17 years old. A review and consultation has been undertaken regarding the current Derby City Council Supported Accommodation Dynamic Purchasing System (DPS), which is how these placements are mostly sourced at present. The outcome of this review proposes changes for Cabinet consideration and approval.
- 1.2 Support and accommodation for 16/17-year olds is primarily sourced at present through the Derby City Council Supported Accommodation DPS. Some services are also sourced through the Nottinghamshire County Council High Needs DPS for complex young people.
- 1.3 Derby City Council, Derbyshire County Council, Nottingham City Council and Nottinghamshire County Council (D2N2) have agreed to work collaboratively to commission a new suite of contracts to meet the requirements for local Supported Accommodation placements, led by Derby City Council. This report requests approval to proceed with:
  - a procurement process to establish a new collaborative arrangement with neighbouring Local Authorities for Supported Accommodation placements,
  - a procurement process to establish a new block contract for Derby City,
  - termination of the existing Derby City Supported Accommodation Dynamic Purchasing System (currently contracted until March 2024), as it will be replaced by the D2N2 and block contract arrangements.

### **Recommendation**

- 2.1 Approval to re-tender the existing services through a change of procurement method from a DPS to a Derby City Block Contract and a D2N2 Joint Contracting Arrangement.
- 2.2 Delegated approval to the Strategic Director of People Services to approve entering into contracts and/or agreements associated with the procurement of the Derby City Block Contract and a D2N2 Joint Contracting Arrangement.
- 2.3 To note the period of the Derby City Block Contract and D2N2 Joint Contracting Arrangement is for a maximum of 4 years, with a contract value of £1.5m per annum.

## **Reason**

- 3.1 The Supported Accommodation (DPS) is heavily utilised; semi-independent placements are required to ensure safe and sufficient provision for our vulnerable young people and to prevent the use of Bed and Breakfast provisions for 16/17 year olds. The Council has a statutory duty to Looked After Children as a corporate parent, and to children who are homeless, to provide sufficient local accommodation. There is a Sufficiency Duty as part of the Childrens Act 2004, and the Southwark Judgement. Supported Accommodation also reduces the risk for vulnerable young people being at risk of exploitation.
- 3.2 The current Derby City Supported Accommodation DPS is contracted from April 2020 until 2024. The Nottinghamshire High Needs DPS is contracted until June 2022. The proposal is to terminate both DPS' by June 2022.
- 3.3 This proposal follows an annual review and consultation exercise across D2N2 during May 2021 and June 2021. The need to terminate the DPS and retender these services has been driven in response to feedback from young people, social care, health and service providers, in a bid to better meet the current and emerging needs.
- 3.4 The advantages of a change in procurement and contracting arrangements include:
  - A smaller, collaborative arrangement to support the ability of Derby City Council to develop services that are more local, with a smaller number of providers, which is a key factor in ensuring best value for money, quality and sufficiency of local placements;
  - A joint procurement will allow access to the wider market, learning and best practise, sharing of resource and will enable the undertaking of larger procurements required to meet the needs of our young people, including a mix of accommodation and support types. Success of this approach has been evidenced through D2N2 external foster and residential contracts established February 2020.

## **Supporting information**

- 4.1 Derby City Council as a Corporate Parent has a duty to provide safe, secure and sustainable placements for children and young people. As part of this duty, there is a requirement for supported accommodation to support young people to develop independent living skills, assisting towards step down and their own accommodation. It needs to encompass providers with a range of accommodation and support packages who bid for planned or emergency referrals.

4.2 The number of Young People in placement at year end in Housing Framework/Supported Accommodation DPS/ Nottinghamshire High Needs DPS and off framework placements is outlined in the table below:

Financial year	Number of YP in placement at year end					
	Under 18 years			Over 18 years		Total
	LAC	UASC	CIN	LAC	UASC	
2018/19	(62 CiC (inclusive of 38 UASC) and 12 CIN)					74
2019/20	29	25	12	7	22	95
2020/21	22	6	26	1	15	70

LAC – Looked After Child

UASC – Unaccompanied Asylum-Seeking Child

CIN – Child in Need

4.3 Derby City has seen an increase in the number of children entering care over the past year, however it is envisaged that the demand for supported accommodation for 16/17-year-olds and care leavers continues to remain between 70 and 100 placed at year end for the next few years. The forecast is based on evaluation of current data including:

- The number of children due to turn 16 in the next 12 – 24 months who may choose supported accommodation as an option,
- The likely increase (as in 2019/20) of UASC, a further 10 UASC emergency placements were required in July 2021 (potentially up to 20 young people requiring supported accommodation),
- The continued drive on providing young people with options including step across from foster or residential to supported accommodation as part of their transition to adulthood.

4.4 Following a review of Supported Accommodation, new proposals on procuring services have considered:

- The needs, type and number of Derby City Children in Care (inclusive of Unaccompanied Asylum-Seeking Children (UASC)) and Children in Need (CIN) who are accessing the framework;
- The potential to align with D2N2 (Derbyshire County Council, Nottingham City Council and Nottinghamshire County Council) partners;
- Pilot model with properties supplied by Derby Homes;
- The national proposed reforms to unregulated placements. This is in readiness for the national move from un-regulated settings to regulated settings, and all providers on these frameworks or block contract will be required to be Ofsted registered

4.5 The next steps for re-modelling the service is the creation of a Derby City Supported Accommodation block contract, with a maximum of 50 placements. This procurement 'tool' will allow the Council to contract with up to 5 local providers for a set number of

placements at a set cost, solely for the use of Derby City young people or secondarily named D2N2 local authorities (if they meet the selection criteria). The tool will ensure;

- Local placements available quickly at the point of need, meeting matching requirements and local sufficiency at a reduced cost;
- Experienced and quality local providers can be contracted for a set number of placements which will only be available to Derby City young people. Flexibility within the contract will allow for a reduction or an increase in block contract placement numbers;
- Prices can be fixed for the term of the contract offering value for money.

4.6 The creation of a D2N2 Supported Accommodation Joint Contracting Arrangement will follow. Since January 2021 the D2N2 Supported Accommodation Operational Group has met at least monthly to review current and forecasted demand, and to consult on the scope and structure of the proposed contracting arrangements.

The proposal of the group supported by the D2N2 Collaborative Commissioning Group is to form a Partnership Agreement to contract based on either a Framework or DPS, but utilising the flexibility provided by the Light Touch Regime (Regulation s74 to 77) procedure as detailed in Public Contract Regulations 2015.

This contracting structure would allow:

- Mini competition between providers for placements available at the point of need, meeting matching requirements and local sufficiency.
- Providers to join at set times during the contracted period to meet additional sufficiency needs.
- Prices to be set at the start of the contract.
- Increased availability of quality placements, improved provider relationship and market management, and fixed prices saving the Council the resource required for extra tendering, opening up conversations with a wider market to fulfil placements within Derby.
- The Council to create a list of pre-qualified service providers for each Service requirement (if they meet the selection criteria).
- Ongoing Provider engagement meetings, gaining feedback from the wider provider market. All current providers across D2N2 have been engaged in review and consultation through bi-monthly meetings and they would have the option to apply to one of both of the proposed contracting structures.

4.7 The proposed procurement timetable is phased; Phase 1 will include the procurement of a block contract, led by Derby City Council with a contract start date of January 2022.

Phase 2 will include procurement of a D2N2 Joint Contracting Arrangement, led by Derby City Council and is due to be completed in May 2022.

The 2 phases will support the transition and mobilisation of new contracts from Dynamic Purchasing Systems proposed to be terminated by June 2022.

- 4.8 The 'light touch regime' of The Public Contracts Regulations 2015 means the Council can be flexible in the use of this process and it can be adapted to suit the Council's requirements.

### Public/stakeholder engagement

- 5.1 Young people will be consulted as part of the review during July/August 2021 to ensure we capture their thoughts and feelings, what has and what hasn't worked for them in relation to housing and support. This will be completed through telephone questionnaire and the Children in Care Council.
- 5.2 Providers have been consulted with during April – June 2021 and will continue to be consulted at the Young People's Housing Provider meetings during the review period ensuring feedback from all stakeholders is considered equally.

### Other options

- 6.1 Continued use of the Derby City Supported Accommodation DPS up to 2024. Whilst this could be done, it is acknowledged that although the current service is delivering local sufficiency, it is not delivering the desired consistent quality or tailored support at value for money.
- 6.2 Sole use of Nottinghamshire's High Needs DPS for all housing placements. This is not recommended as the DPS is being terminated by Nottinghamshire County Council in June 2022 and has a focus on more complex young people.

### Financial and value for money issues

- 7.1 The current 2021/22 budget for Supported Accommodation is £986,000 per annum. The forecasted spend for 2021/22 is £1.2m. This budget is forecast to be overspent by approximately £281,000, primarily due to the increasing number of placements requiring supported accommodation through the DPS.
- 7.2 Previous financial year end spend on the Housing Framework/ DPS are below:

Financial Year	Financial year outturn (charged to framework/DPS budget (£))	Budget	Over/ (underspend)
2015/16	£503,285		
2016/17	£577,193		
2017/18	£1,065,458		
2018/19	£1,380,151	£559,977	£820,174
2019/20	£1,732,232	£650,000	£1,081,340
2020/21	£1,897,000* <sup>1</sup>	£1.197,000	£700,000

<sup>1</sup> \*includes Unaccompanied Asylum-Seeking Children (UASC) grant funding received.

- 7.3 The average cost for a placement with 10 hours of support on the Supported Accommodation Dynamic Purchasing System (DPS) is £578 per week, when reduced to the lowest number of support hours (5) the average cost is £369 per week.

Currently the average cost of a foster placement is £870 per week and for Residential care is £4000 per week.

The D2N2 Joint Contracting Arrangement costs would be expected to mirror the average costs currently in this sector

The Block Contract placements costs would be expected to be lower than the current average cost, achieving a saving.

- 7.4 The Council is required to pay the full accommodation cost for CiC and UASC as they cannot claim any benefits, unlike CIN who currently are able to claim Housing Benefit, reducing the cost to the Council.

## **Legal implications**

- 8.1 The Council has a statutory duty to provide sufficient, safe accommodation to children in care and children in need and prevent any Bed and Breakfast placements being made. Failure to put suitable and sustainable provision in place could put the Council in breach of its statutory duty.
- 8.2 The Supported Accommodation Dynamic Purchasing System (DPS) commenced on 1 April 2020 with a contracting period of 4 years, and ends 31 March 2024. The proposal is to terminate the DPS contracts with providers early. There are no legal implications for the Council to terminate early, provided all applicable notice periods are complied with. A lead in period will allow effective transition to the new arrangements.
- 8.3 The indicative timetable of events will be:
- Block contract - Issue procurement documents September 2021, return of applications October 2021, and commencement of individual contracts (subject to Cabinet approval) in January 2022;
  - D2N2 Joint Contracting Arrangement - Issue procurement documents October 2021, return of applications November 2021, and commencement of individual contracts (subject to Cabinet approval) May 2022;
  - The Block contract and D2N2 Joint Contracting Arrangements will be used when there is a need to directly award an accommodation package to a specific provider, or where a "further competition" is required based on the needs set out for an individual customer;
  - The D2N2 Joint Contracting Arrangement also has the flexibility to allow new providers onto the framework/ Dynamic Purchasing System at set dates during the term by way of a series of rounds, and ensuring providers on are set terms and conditions;
  - All procurements will be conducted through the Proactis portal with set evaluation criteria in accordance with Block and D2N2 Joint Contracting Arrangement specifications.

## Climate Change implications

9.1 None.

## Other significant implications

10.1 None.

This report has been approved by the following people:

<b>Role</b>	<b>Name</b>	<b>Date of sign-off</b>
<b>Legal</b>	Commercial Contracts	22/07/2021
<b>Finance</b>	Janice Hadfield, Head of Finance	
<b>Service Director(s)</b>		
<b>Report sponsor</b>	Gurmail Nizzer, Director of Children's Integrated Commissioning	
	Alice Sanghera, Head of Children's Integrated Commissioning	20/07/2021
<b>Other(s)</b>	Laura Rose, Procurement Category Manager, People	22/07/2021