

CABINET

26 JULY 2022

GATEWAY 1 PROCUREMENT COMMENCEMENT - SUPPORTED ACCOMMODATION AND FLOATING SUPPORT

Portfolio Holder: Councillor Mrs Josie Iles, Portfolio Holder for Children's Services (Lead Member)

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Summary

This report seeks permission to commence the procurement of the Supported Accommodation and Floating Support Contract. The report was previously considered by the Procurement Board on 15 June 2022.

Procurement Overview

Total Contract Value (estimated): as set out in the exempt appendix £2.5 million per year (£1.5 million supported accommodation excluding unregulated, £1 million floating support)

Proposed Contract Term: 3 years with options to extend for 2 further 1-year periods

1. Budget and Policy Framework

- 1.1. The funding for this procurement will come from the Children's Social care Budget with small contributions from CCG for the health element. The budget was agreed by Council as part of the 2022-2023 budget setting process.
- 1.2. The total budget for supported accommodation is in the region of £6 million per year but that does include costs associated with unregulated

placements that have been 'spot' purchased. The budget for supported accommodation placements made through this framework is in the region of £1.5 million per year.

1.2.2. The floating support element is estimated at £1,000,000 per year.

2. Background Information and Procurement Deliverables

2.1. The main focus of this procurement covers two types of service:

- Floating support, usually defined as *“support services not tied to accommodation”*
- Supported Accommodation, currently defined by Ofsted as, *“independent and semi-independent provision for children and care leavers aged 16-17”*. In the government's recent response to their consultation on the regulation of supported accommodation they further add the focus will be on child protection, leadership and management, and the quality of accommodation and support

2.2. The increasing level of complexity and need for more specialist interventions means the current framework does not meet the needs of Medway's children and young people. Experience since the last framework was let in 2018 has shown that more specialist provision is required, particularly in the areas of mental health, child sexual exploitation, child criminal exploitation, autistic spectrum conditions and behaviours that challenge. This will be reflected in a new specialised part of the framework that will encourage more specialist providers and agencies (CQC, NHS including Mental Health services, youth, etc) to partner with Medway. This will facilitate timely access to a range of more specialist provision that will help support some of our most complex young people (YP). It will also enable us to provide specialist time limited interventions to YP on the edge of care or whose placements are in potential crisis or breakdown. The cost of these interventions will be far less than the cost of a child coming into care or should a placement breakdown (which we know increases £1000 a week on average with every breakdown).

2.3. The current framework has 2 lots for supported accommodation. Lot 1 is semi-independent (higher level needs, staff on site 24 hours per day) with additional options for solo accommodation. Lot 2 is classed as floating support with accommodation (lower-level needs) with options for low level support in solo or small group accommodation. There are currently 29 providers under lot 1 and 26 providers under lot 2, with the majority of these offering services on both lots. Unfortunately, existing framework providers have not been able to meet all the needs of Medway young people. This has resulted in the Council having to 'spot purchase' placements outside the framework, with associated risks related to cost and quality.

2.4. There are 23 providers on the current framework who offered to provide floating support. In 2019-2020, nearly 75% of interventions

were delivered by 3 providers. In 2020-2021, this trend continued with just over 90% of support provided by just 3 providers. In 2021-2022 only 4 providers delivered support with 95% of interventions delivered by just 2 providers. As with supported accommodation, this lack of capacity and reliance on a very small number of providers has resulted in an inability to meet the floating support needs of Medway children and young people resulting in more 'spot' purchase arrangements.

2.5. The service has seen a rise in the number of children and young people placed in unregulated and unregistered placements under the supported accommodation budgets and frameworks.

2.6. Floating Support Spend

Floating support is coded in a number of different ways, this includes section 17 payments (financial assistance payments made by social care), direct budgets and additional support. An annual spend figure is not available currently but will be available for the gateway 3 report.

2.7. Supported Accommodation Spend

Figure 1

	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022 (forecast)
Annual Spend	£1,899,737	£938,811	£3,763,304	£4,912,450
Highest Cost (weekly)	£2,500	£3,700	£8,000	£13,850

2.7.1. As can be seen in Figure 1 expenditure on supported accommodation has significantly increased since 2020. There is a direct correlation between this increase and the small number of high cost bespoke and sometimes unregulated placements (that cannot be made through existing frameworks) that have been made to support individual young people where no other resource was available. These placements have been made as spot arrangements with supported accommodation providers.

2.7.2. Costs have also been affected by a number of 18 plus young people who have remained in supported accommodation. The Covid pandemic has had a significant impact on supported accommodation arrangements for young people:

- Restricting the movement of young people between services
- Reducing the number and ability of staff to support transfers between services
- Minimising the opportunities to develop new provision

2.7.3. All supported accommodation placements are subject to on-going review with a view to supporting move-on to adults services as soon as is appropriate.

2.7.4. The level of use of floating support and supported accommodation services since 2018 can be found in Exempt Appendix 1.

2.7.5. In addition to floating support and supported accommodation this re-procurement will include two additional lots not previously tendered for:

Therapeutic Support for parents

Currently funded for 2 years (22-23 / 23-24), this will be a time limited lot focused on providing a rapid response, specialist therapeutic support to parents to safely maintain children and young people in their family environment.

£150,000 per year is available for each of the 2 years, funded by the CCG.

2.7.6. Activity Placements

Activity placements are short term (up to 28 days) placements. These are generally used to provide a temporary placement solution for more challenging young people and to allow the placements team time to search for a longer-term arrangement. In the last 12 months Medway have made 6 activity placements for children aged between 12 and 16. The average costs for these placements is £7,860.

These placements are funded out of children's services base budgets.

2.8. Importance of Report

2.8.1. The current supported accommodation and floating support contract ended in March 2022. In line with an option to extend for a further year in the original contract, the contract has been extended for 8 months to allow time for a robust procurement process to be completed for a new service that better reflects the range and complexity of need.

2.8.2. The current provision, although able to meet some of the needs of Medway children and young people, is not considered to have enough capacity and breadth of specialist skills to provide the level of service needed.

2.8.3. Ofsted have indicated that they will seek to regulate all supported accommodation from April 2023. Although guidance has not been formerly released, the new procurement will reflect the current intelligence on Ofsted's likely approach. This approach will be flexible and hold providers to account to ensure they meet regulatory requirements.

2.8.4. Regulation of the market is likely to have a significant impact on service provision. A number of providers have already indicated they will not seek to regulate and will withdraw from the market. To maintain and improve our supply of supported accommodation it is vital to go to market in good time, ahead of regulation to secure appropriate levels of provision, both in terms of quality and volume.

2.9. Parent Company Guarantee/Performance Bond Required

2.9.1. A PCG/Bond will not be required.

3. Procurement Dependencies and Obligations

3.1. Project Dependency

3.1.1. This framework will interface with:

- In-house fostering provision
- Independent Foster Care provision
- Residential Children's Homes provision
- Children's Services
- 16+ and Adolescent service
- Early help, YOT and youth services
- Adults social care and Supported Living Services
- Housing

3.2. Statutory/Legal Obligations

3.2.1. The Council has to meet its Sufficiency duty (Children's Act 1989) to ensure sufficiency of provision of accommodation and care of children and young people and must ensure that they are placed in an environment likely to promote and safeguard their welfare and development.

3.2.2. The Local Authority has a statutory duty as a Corporate Parent. The role of the corporate parent is to act as the best possible parent for each child they look after and to advocate on his/her behalf to secure the best possible outcomes.

3.2.3. It is the responsibility of the provider to be aware of and comply with all relevant legislation, regulations, standards and good practice guidelines and to ensure compliance. Relevant documents include but are not limited to:

- The Children's Homes (England) Regulations 2015
- [Children's and Families Act 2014](#) including specific duties in relation to children and young people with SEND.
- [Care Act 2014](#)
- Safeguarding procedures (e.g. [Working Together to Safeguard Children](#) 2013)
- [Public Services \(Social Value\) Act 2012](#)
- Fostering Services (England) Regulations 2011
- [Equality Act 2010](#)

- Children and Young Persons Act 2008
- Children (Leaving Care) Act 2000
- Children Act 1989
- English Priority Need Order 2002
- The finding from serious case reviews in particular the requirements to share information in a timely manner. See [Working Together to Safeguard Children](#) for further guidance
- New Ofsted guidance (to be published during Summer 2022)

4. Business Case

4.1. Procurement Project Outputs / Outcomes

As part of the successful delivery of this procurement requirement, the following procurement project outputs / outcomes within the table below have been identified as key and will be monitored as part of the procurement project delivery process.

Outputs / Outcomes	How will success be measured?	Who will measure success of outputs/ outcomes	When will success be measured?
Increase the number of appropriate providers (both supported accommodation and floating support) who can meet the needs of Medway young people	<ul style="list-style-type: none"> - Number of providers who successfully tender - Number of providers who are active on the framework - Providers skills audit 	<ul style="list-style-type: none"> - Children's Commissioning - Programme Lead for Placements - Programme Lead for Quality Assurance 	<ul style="list-style-type: none"> - At mobilisation - Service utilisation at 3-, 6,9 and 12 month intervals - Annual report
Increase the availability of timely appropriate support for more complex Medway young people	<ul style="list-style-type: none"> - Provider engagement audits - Response time audits - Qualitative analysis of feedback from referring social workers - Provider skills audit with clear evidence of qualifications and experience 	<ul style="list-style-type: none"> - Children's Commissioning - Programme Lead for Placement - Programme Lead for Quality Assurance 	<ul style="list-style-type: none"> - 3 monthly audits - 3 monthly 'light touch' review with providers - Annual report

<p>Improve the monitoring or progression of young people in services (both supported accommodation and floating support).</p>	<ul style="list-style-type: none"> - Clear baseline established at referral, interventions reviewed after agreed number of sessions, progress measured against baseline - Use of adolescent assessment tool - Monitoring levels of placement stability (number of placement breakdowns) - Appropriate accommodation transition at 18 	<ul style="list-style-type: none"> - Children's Commissioning - Programme Lead for Placement - Programme Lead for Quality Assurance - Children's social care and early help 	<ul style="list-style-type: none"> - 3 month reviews - Sample audit of provider individual case files (unannounced) - Annual Report
<p>Better financial control of the floating support and supported accommodation markets.</p>	<ul style="list-style-type: none"> - Cost of interventions can be planned and predicted accurately - Higher level support costs for more complex young people are set as part of a framework minimising unplanned spend - Reduction in spot purchases for over 16 due to capacity of new framework providers 	<ul style="list-style-type: none"> - Children's Commissioning - Programme Lead for Placement - Programme Lead for Quality Assurance - Finance team 	<ul style="list-style-type: none"> - Quarterly financial reporting - Sample placement cost modelling
<p>Ensure that young people who access these services are better</p>	<ul style="list-style-type: none"> - Individual meetings and focus groups with service 	<ul style="list-style-type: none"> - Children's Commissioning - Programme Lead for Placement 	<ul style="list-style-type: none"> - Sample provider placement audits - Quarterly performance

prepared (where appropriate) for independent living when they turn 18	users (voice of the child) - Delivery measured against agreed KPIs (based on baseline of young person at referral) - Progress against adolescent assessment tool	- Programme Lead for Quality Assurance - Children's social care and early help	management meetings with providers
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4.2. Procurement Project Management

4.2.1. The management of this procurement process will be the responsibility of the Category Management team.

4.3. Post Procurement Contract Management

4.3.1. The management of any subsequent contract will be the responsibility of Programme Lead for Placements in Children's Commissioning

5. Market Conditions and Procurement Approach

5.1. Market Conditions

5.1.1. The current contract for supported accommodation and floating support has more than 30 providers spread across the 3 lots (supported accommodation and floating support). However, during the lifetime of that contract the majority of these providers have not engaged. Across the 3 lots most of the services have been delivered by 5 providers. Initial conversations with providers have indicated that some did not have the skills to work with the more complex needs of some of the young people referred to this service.

5.1.2. A virtual market engagement event held on in May 2022 was attended by 126 providers of which 54 attended the supported accommodation and floating support breakout session. This does indicate a level of interest in delivering the service above our current levels of framework provision.

5.1.3. Most of the providers used for this service are local to Medway. By supporting them in the ways described above we hope to capacity build provision in Medway, leaving long term legacy of resource to support our young people.

5.2. Procurement Options

5.2.1. The following is a detailed list of options considered and analysed for this report:

5.2.1.1. **Option 1 – Do nothing:**

By doing nothing, Medway continues in its current position of not having enough support to meet its supported accommodation and floating support needs. This exposes the authority to risk in terms of not being able to fully meet our sufficiency duty.

5.2.1.2. **Option 2 – Extend the current contract:**

The current contract could be extended until March 2023. Whilst this would maintain the current position it would not address the increasing concerns about the current provisions ability to meet the needs of children and young people. The existing contract would only continue to provide the same level of service it currently delivers, resulting in increased use of 'spot' purchases to meet need. Extension of the current contract provides no opportunity to 'prepare' Medway's services for Ofsted's regulation of the market from April 2023.

5.2.1.3. **Option 3 – Establish and utilise a Dynamic Purchasing System (DPS) – recommended option:**

The nature of support provided by these services means there is often a need to access services quickly to meet a wide range of needs. A 'call-off' approach will facilitate this as well as giving officers clear information in advance of the type of service offered by a provider, enabling an appropriate match with the needs of the young person or family.

5.2.1.4. Given the potential volatility of the market and the unknown impact of Ofsted regulation a DPS approach with an opportunity for providers to join or leave the framework will provide flexibility and minimise spot placements if new providers enter the market who can meet our young people's needs.

5.3. Procurement Process Proposed

5.3.1. It is proposed that Medway adopts the approach outlined in 5.2.1.3. Establishing a DPS would provide the flexibility required to meet needs as well as control of both the cost and quality of provision.

5.3.2. The DPS will be established using the Restricted Procurement Procedure, advertised in the Kent Business Portal and FTS.

5.3.3. It is recommended that the contract duration be 3 years with the option to extend for 2 further 1-year periods by mutual agreement

5.4. Evaluation Criteria

5.4.1. The award criteria for providers to participate in the DPS will be based on 100% quality. Individual competitions for award of placements under the DPS will be scored using a ratio of 60% cost and 40% quality. Evaluation criteria will relate to financial propriety and safeguarding but will also focus on:

- **Mobilisation**, available capacity (staff and premises), resource planning (staff recruitment and training)
- **Staffing**, recruitment, training, assessment of capability to work with vulnerable young people
- **Measuring impact**, how do you do it, what tools do you use, how are they accredited
- **Quality of Accommodation**, relationship with landlords, buildings compliance etc
- **Risk Management**, appropriate management of risk, working with partner agencies, quality of support provided to young people in crisis, managing missing persons

6. Consultation

6.1. Internal (Medway) Stakeholder Consultation

6.1.1. Meetings have been held with social service colleagues, with drafts of the specification shared for comment.

6.1.2. A service user event was held in November 2021 attended by 14 service users. Their feedback has been included in the development of the specification.

6.2. External Stakeholder Consultation

6.2.1. As stated earlier in this report, a virtual market consultation event took place on 23 May 2022. The event was attended by 126 providers with 54 attending the floating support and supported accommodation breakout session. Feedback from the event has indicated that providers who attended are keen to be part of the new Medway framework.

6.2.2. Informal market discussions have been ongoing for the last 6 months to help inform the development of the specification. Risk Management

7. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Not recommissioning contract	This exposes the authority to risk in terms of not being able to fully meet our sufficiency duty.	Recommissioning of contract via preferred option	B2
Extend the current contract	The existing contract would only continue to provide the same level of service it currently delivers, resulting in increased use of 'spot' purchases to meet need.	Recommissioning of contract via preferred option	B2
Establish and utilise a Dynamic Purchasing System (DPS) recommended option	Not having total control over costs at for length of contract	Will know market value and will use Care Cubed to challenge any providers with costs we believe are over inflated	D2

8. Financial implications

- 8.1. The procurement requirement and its associated delivery as per the recommendations will be funded from Children's Social Service budgets with a small contribution from the CCG for the Therapeutic support for parents' element.

9. Legal implications

- 9.1. The statutory basis for this service is set out in section 3.1 above.
- 9.2. Under the Council's Contract Procedure Rules, the proposed procurement is a high-risk procurement, and the process set out in this report meets the requirements for such procurements. The proposed procurement must also be advertised on the Kent Business Portal, in compliance with rule 3.3 of the CPRs.
- 9.3. Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.
- 9.4. The process described in this report complies with the Public Contracts Regulations 2015 and Medway Council's Contract Procedure Rules.

10. Other Implications

10.1. TUPE Implications

10.1.1. There are no TUPE implications related to this procurement.

10.2. Procurement Implications

10.2.1. The establishment of a DPS would provide more flexibility for new providers to be appointed for the duration of the DPS, as opposed to a framework agreement where suppliers are fixed for the entire framework period. This should reduce the need for spot purchases through non-contracted providers. There would be a resource issue for Commissioners in that the evaluation of DPS applications would occur on a more regular basis.

10.2.2. Functionality for the operation of the DPS already exists in the Kent Business Portal's web-based system so there is no additional cost or IT functionality required.

10.3. ICT Implications

10.3.1. There are no ICT implications.

11. Social, Economic & Environmental Considerations

11.1. Medway Council will be making a direct contribution to addressing and improving the professional support available to young people aged 16+ in Medway who require accommodation. Young people will be supported in opportunities to access housing, employment, training and education alongside other effective resources that enable independent living. The services will contribute to a number of the Council's wider priorities including:

- children and young people have the best start in life
- provision of a safe, nurturing and empowering environment for young people to live in and to gain the confidence and develop the skills needed to enjoy a successful transition to living independently
- provision of a positive learning experience for young people adults maintain their independence and live healthy lives

12. Recommendation

12.1. The Cabinet is asked to approve the recommendation to pursue the procurement of Supported Accommodation and Floating Support

services (as described in section 2) as per the preferred option identified in paragraph 5.2.1.3.

13. Suggested Reasons for Decision

13.1. This decision is recommended as it represents the most appropriate way to secure a viable market to support children, young people and families who access these services in Medway over the next 5 years. A DPS framework provides an appropriate level of security and stability plus flexibility moving forward in what is likely to be a challenging period, particularly in the supported accommodation sector. The framework will provide clear evidence of the skills and experience of providers to ensure children, young people and families are getting the right interventions and Medway is getting value for money.

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Appendices

Exempt Appendix 1 – Financial Analysis

Background Papers

None.