

CABINET

13 DECEMBER 2022

GATEWAY 3 CONTRACT AWARD: SUPPORTED ACCOMMODATION AND FLOATING SUPPORT FOR CARE LEAVERS AGED 16-25

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

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Summary

This report seeks the Cabinet's agreement to award the first round of the Supported Accommodation and Floating Support Dynamic Purchasing System. The report was previously considered by the Procurement Board on 16 November 2022.

Procurement Overview

Total Contract Value: £2.5 million per year (£1.5 million supported accommodation excluding unregulated, £1 million floating support)

Contract Term: 36 months with options to extend for 2 further 12 months 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 health element. The budget is 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.

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

1.4. Background Information and Procurement Deliverables

1.4.1. 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

1.4.2. 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).

1.4.3. The framework agreement established in 2018 had 2 lots for supported accommodation. Lot 1 was semi-independent (higher level needs, staff on site 24 hours per day) with additional options for solo accommodation. Lot 2 was 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.

1.4.4. There are 23 providers on the current framework offering 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.

1.4.5. 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.

1.4.6. As recommended in the Gateway 1 report, given the potential volatility of the market and the unknown impact of Ofsted regulation, a Dynamic Purchasing System (DPS) approach is being adopted. This will be more flexible, allowing providers to apply to join at any point, and thereby increasing the range of providers and competition through the life of the DPS, and reducing 'spot purchases'.

1.4.7. 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. The current annual spend on Floating support is £1,139,461

1.4.8. 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

1.4.8.1. 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.

1.4.8.2. 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

1.4.8.3. 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.

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

i) 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.

ii) 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.

1.5. Parent Company Guarantee/Performance Bond Required

Not required.

2. Procurement Process

2.1. Procurement Process Undertaken

2.1.1. The DPS is being established using the Restricted Procedure and was advertised in the FTS and Kent Business Portal in accordance with Public Contracts Regulations.

2.1.2. The procurement process was managed by the category management team, working closely with the Commissioning team.

2.1.3. The DPS is divided into 6 lots:

Lot 1 Small Group, Semi-Independent Accommodation

Support and accommodation for young people aged 16-18 years (small number up to the age of 21) that are assessed to be able to live with other young people in a larger setting (up to 4 beds).

Lot 2 Small Group, Managed Accommodation

Intensive support and accommodation for young people aged 16-18 years that are assessed to be able to live with other young people in a small unit (2 bed), shared accommodation. These young people are likely to have complex needs.

Lot 3 Floating Support – Standard and Enhanced

A flexible floating support service to meet the needs of children, young people and families (including foster families). Working across a range of environments (home, community, residential) the service will encourage the development of skills, knowledge and for a young person their independent living skills.

Lot 4 Therapeutic Support for Parents, Young People and Families

A rapid response specialist therapeutic intervention service for parents and children on the edge of care or already in the care system. Focused on stabilising a family, offering specialist interventions to parents to address psychological distress caused by childhood and other traumas, addictions and personality disorders and where appropriate keeping families together to minimise family breakdown and the numbers of children and young people coming into or returning to care.

Lot 5 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.

Lot 6 Individual Tuition Service

Short-term education interventions for students of compulsory school age who are unable to attend school due to a particular circumstance.

2.1.4. Providers who are successful in applying to join the DPS will be invited to participate in 'mini-competitions' (invitations to tender) for specific opportunities (referrals) under each lot they originally applied for. This approach will provide clear information on the services and prices offered by all providers. The award criteria for these competitions will be Quality 40% and Price 60%.

2.5. Evaluation Criteria Used

2.5.1. Providers are asked to complete a selection questionnaire which constitutes their application to join the DPS. The responses to this questionnaire form the evaluation criteria on which the applications

from Providers are to be assessed by the Council and on which a decision is made as to whether to admit a provider to the DPS.

2.5.2. Supplier information

Grounds for mandatory / discretionary exclusion

Examples of previous contracts that providers have performed (relevant to each lot)

Previous experience (relevant to each lot)

Service delivery

Mobilisation

Staffing

Risk management

2.5.3. Bespoke questions in regard to service delivery, mobilisation, staffing, risk management were also developed in order to assess a provider's suitability to deliver against a particular lot. Questions highlighted key areas based on learning from the previous framework agreement, feedback from youth consultation events and market engagement. For example, Lots 1 and 2 supported accommodation highlighted relationship with landlords as an area for response.

2.5.4. Evaluation of questionnaires was conducted by Commissioning and Category Management.

2.5.5. It should be noted that Providers who have not been successful in Round 1 (which is the subject of this report) will receive feedback which will give them the opportunity to apply again in future rounds.

2.6. Contract Management

2.6.1. Contract management will be the responsibility of the Programme Lead for Placements in Partnership Commissioning.

3. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Services failing to meet the needs of Medway children, young people and families	The 6 lots covered by this specification aim to meet the needs of some of the most vulnerable and challenging of Medway children,	Specifications have been clear about the vulnerabilities, challenges and risks of the client groups providers will be expected to work with. All lots clearly identify need, supported accommodation is split between semi-independent and managed services (for those	D2

	young people and families	with higher needs). Floating support is split between standard and enhanced to reflect levels of need. The mini-competition process of the DPS allows providers to submit a targeted/person-centred response to a referral rather than a generic response as part of a framework. This flexibility should enable providers to meet higher levels of need as required	
Medway placements teams do not understand the DPS approach	The DPS is a new approach for Medway and its providers, particularly the mini competition per requirement.	The programme lead for placements is familiar with DPS and has used them in other authorities. Staff training has been arranged with procurement colleagues to prepare placement teams ahead of the contract going live in January. Functionality to manage a DPS is already built into the Kent Business Portal	E2
Providers do not engage with the DPS approach	The DPS is a new approach for Medway and its providers, particularly the mini competition per requirement.	Once governance is completed, training events will be organised for successful providers to understand the DPS and mini competition approach. Providers will be supported to understand the business portal and mini competition process. Members of the commissioning team will be available to support providers as the contract goes live	E2
Lack of engagement from providers	Under the previous contract, most successful providers did not offer services resulting in an increased need to spot purchase	The specifications for this procurement are clear in terms of the level of need and the requirement of services. The DPS allows new providers to be admitted so any gaps in provision can be addressed. If a 'spot' purchase is required, that provider can be admitted onto the framework reducing a long-term reliance on 'spot' provision	D3

<p>Lack of Response to lots 4,5 and 6 which may impact on delivery of services</p>	<p>Response to the lots for Therapeutic Support for Parents, Activity Placements and Individual tuition was low, with a very small number of providers successfully bidding</p>	<p>The DPS remains open, which allows Medway colleagues to actively target gaps in provision through market engagement activities and working with providers who offer 'spot' purchased services to bring them onto the framework</p>	<p>C2</p>
<p>Impact of Ofsted regulation of the supported accommodation market</p>	<p>Ofsted have stated they will start to regulate the supported accommodation market from April 2023 which may impact on providers and the availability of services</p>	<p>The specification for supported accommodation (lots 1 and 2) clearly states that providers must comply with Ofsted registration when it goes live. By going to market now before the formal Ofsted announcement Medway is ahead of other local authorities in starting to form relationships with providers and gain a stronger market presence. Ofsted announced in November that providers have until October 2023 to register with inspections starting in April 2024. Medway's Quality Assurance team can support providers with their registration process</p>	<p>D3</p>
<p>By using a DPS, Medway has less control on service costs moving forward during the lifetime of the framework</p>	<p>Unlike a traditional framework where prices are set for the lifetime of the contract (with a built-in inflation uplift) the DPS will hold a mini competition for every opportunity. This makes it more challenging to predict costs over the lifetime of the framework</p>	<p>Market engagement prior to the tender process had indicated that providers were very concerned about economic factors and their impact on costs. A traditional framework approach would have resulted in providers putting in very high costs which Medway would have then been tied into for up to 5 years. The DPS mini competition allows Medway to accurately compare costs across providers at a point in time when a service is required. Choosing a service that offers best value and best outcomes. By holding regular mini competitions Medway will be able to gain a better understanding of the market and predict expenditure related to the different lots</p>	<p>D2</p>

Likelihood	Impact:
A Very high	1 Catastrophic (Showstopper)
B High	2 Critical
C Significant	3 Marginal
D Low	4 Negligible
E Very low	
F Almost impossible	

4. Financial Implications

- 4.1. The procurement requirement and its associated delivery as per the recommendations will be funded through Children's Social Care budget with a contribution from health towards the Therapeutic support for parents lot.

5. Legal Implications

- 5.1. 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.
- 5.2. The process adopted complies with public procurement regulations and the Council's Contract Procedure Rules.

6. Other Implications

6.1. TUPE Implications

- 6.1.1. Not applicable

6.2. Procurement Implications

- 6.2.1. The establishment of the DPS will provide more flexibility for new providers to be appointed for the duration of the DPS. 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.

6.3. ICT Implications

- 6.3.1. Functionality for the establishment and continuous 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.

7. Social, Economic & Environmental Considerations

- 7.1. 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

8. Recommendation

- 8.1. It is recommended that the Cabinet agrees to admit the providers identified in section 3.2.3 of the Exempt Appendix on to the Dynamic Purchasing System framework for the lots they have successfully tendered for.

9. Suggested reasons for decision

- 9.1. The providers identified in section 3.2.3 of the Exempt Appendix meet the Council's evaluation criteria.

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Appendices:

Exempt Appendix 1 – Financial Analysis

Background Papers:

[Gateway 1 Procurement Commencement - Supported Accommodation and Floating Support – Cabinet, 26 July 2022](#)