

Report of:	Director of Children's Services Deputy Mayor and Executive Member for Children's Services
Submitted to:	Executive
Date:	6 December 2022
Title:	Residential Block Contract (PART A)
Report for:	Decision
Status:	Public
Strategic priority:	Children and young people
Key decision:	Yes
Why:	Decision(s) will incur expenditure or savings above £150,000 and have a significant impact in two or more wards
Urgent:	No
Why:	Not Applicable

Executive summary

To seek Executive agreement to publish a Voluntary Ex Ante Transparency (VEAT) notice in order to notify the market of our intention to award a block contract in respect of a 3 bedded home opening in Middlesbrough.

Middlesbrough Council on 7th November had 46 externally commissioned children's residential placements which are outside of Middlesbrough and high cost. A new provider is proposing to open a new 3 bedded home in Middlesbrough and through negotiations we have been able to secure a value for money block contract proposal which will ensure children and young people remain in Middlesbrough retaining contact with family, maintaining their educational provision and provide a provision at a reduced unit cost when compared with out of area settings.

Purpose

1. To seek Executive agreement to publish a VEAT notice notifying the market of our intention to award a 5 year, with the option to extend for a further 5 years, block contract in respect of a new 3 bedded home opening in Middlesbrough.

Background and relevant information

2. Middlesbrough Council has 15 internal residential beds for children and young people offering across 4 homes:
 - a. Firtree - 4 beds
 - b. Willowtree - 2 beds
 - c. Hollylodge - 4 beds
 - d. Rosecroft - 5 beds (16+ with care needs)
3. Middlesbrough Council has a block contract with Cambian Care (TA CareTech) which means that we have a contract in place which secures 9 beds across 3 homes at a set bed rate. This contract has been very successful and has been in place for a number of years, originally for 4 beds in 1 home in Middlesbrough but over time has expanded and now offers 9 beds across 1 home in Middlesbrough, 1 in Hartlepool and 1 in Stockton.
4. Occupancy levels have generally been good and from April 22 to September 22 there have been 8 young people accommodated which equates to an 89% occupancy rate.
5. With those 24 beds there are still 46 externally commissioned placements as at 7th November 2022, which fall into the following categories:
 - a. Residential - 16
 - b. Residential School - 7
 - c. Unregulated - 23
6. The expected annual outturn for Middlesbrough Council on externally commissioned placements is in excess of £13million against a budget of £9million, which is not sustainable. Many other local authorities regionally and nationally are experiencing significant pressures in external placement budgets as costs are rising in the market.
7. A provider has recently purchased a property, obtained planning permission and is now progressing registration with Ofsted of a 3 bedded home in Middlesbrough and has approached us to discuss a block contract proposal.
8. The provider is known to us and we have current spot purchase placements with them and are confident about the level of care delivered.
9. Through negotiation we believe we have secured a block contract proposal for the 3 beds that is beneficial to Middlesbrough Council both in relation to increasing local sufficiency numbers but also offering value for money compared to current spot purchasing.
10. The proposal is for Middlesbrough Council to enter into a block contract for an initial term of 5 year contract, with an option to extend for a further 5 years for the 3 beds.

11. The ability to increase local beds will assist in meeting our statutory responsibility in relation to sufficiency as well as ensuring that we continue to care for our children and young people within Middlesbrough.
12. The contract value will exceed the Public Contract Regulations 2015 (PCR) threshold and in order to award a contract a VEAT notice will be published. Once published the market has 30 days in order to notify us of any challenge, if no challenge is received then the award can proceed and if a challenge is received then we can review it and can choose to proceed or not depending on our legal review and the risk associated.
13. An equitable process was followed in awarding similar contracts. Given the current state of the market, spot contracts are still likely and therefore the likelihood of challenge is expected to be low.

What decision(s) are being recommended?

That the Executive:

- Agree to publish a VEAT notice of our intention to award a 5 year block contract for the provision of children's residential care, which will include an option to extend for a further 5 years and in the event of no challenges being received a formal contract will be awarded.

Rationale for the recommended decision(s)

14. The addition of 3 block residential beds assists Middlesbrough Council in meeting its statutory responsibility in relation to sufficiency of placements to meet the needs of children and young people. This increase will mean that overall through internal and block resource Middlesbrough Council will have a bed capacity of 27.
15. Middlesbrough Council's external residential budget is significantly under pressure it is anticipated that funding for this block contract will be achieved from a reduction in spot purchase placements.
16. Whilst hard to evidence, there are other expected efficiencies from this block arrangement, for example, Social Workers not having to travel or be out of the office for a whole day or more where young people are placed significantly further away, they can continue within their education setting, where health intervention is in place this will again allow continuation of appointment or service they are accessing and easier to support contact with family, which may potentially result in reunification home.

Other potential decision(s) and why these have not been recommended

DO NOTHING

17. If we did nothing then current arrangements would continue meaning that spot purchase placements would continue to be sourced out of area at significant cost.
18. In light of the above this option would not be recommended.

TENDER FOR A BLOCK CONTRACT

19. As the provider owns the property and has approached the Council with a block proposal a tender process would not be possible.
20. A tender is an open process that gives all interested providers the opportunity to submit a bid to provide the service the Council wishes to procure, on this occasion because the provider owns the property and the service it would be impossible for another provider bid.
21. In light of the above this option would not be recommended.

COMMISSIONING VIA THE TEES VALLEY RESIDENTIAL FRAMEWORK

22. The Tees Valley Residential Framework provides spot purchase children's residential beds to all five Tees Valley Councils.
23. The Provider would not be able to offer these beds via the Tees Valley Residential Framework because of the specification set against it. Providers put forward their homes and offer individual beds to all framework members at an agreed rate set as part of the tendering process.
24. As this proposal is exclusive to Middlesbrough Council for all 3 beds then this would not meet the requirements of the framework and any bid submitted would have to be rejected on that basis.
25. In light of the above this option would not be recommended.

Impact(s) of the recommended decision(s)

Legal

26. The VEAT process is a compliant process in line with the PCR 2015. Once a contract award notice is published, then the market has 30 days to notify us of any challenge. If no challenge is received then the contract award can proceed. If a challenge is received then we can review it and can choose to proceed or not depending our legal view and the risk associated.
27. A challenge can still be received following the 30 day period, but the consequences for the Council are significantly reduced.

Strategic priorities and risks

28. This decision will support the delivery of the strategic plan priority in relation to Children's which is - We will show Middlesbrough's children that they matter and work to make our town safe and welcoming and improve outcomes for all children and young people.

Human Rights, Equality and Data Protection

29. A level 1 Impact Assessment has been completed and found no adverse impacts. A copy is attached in Appendix A

Financial

30. The block contract cost is lower than spot purchasing 3 beds, would result in a cost reduction of £111,215 per annum and increasing local sufficiency will reduce our reliance on spot purchased out of area beds therefore the reduction in the residential budget will cover the cost of the block contract.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
VEAT notification to be published	Specialist Commissioning & Procurement Manager	
Confirm award of contract in the event that no challenge is received from the VEAT notification (30 days)	Specialist Commissioning & Procurement Manager	
Notification to provider of contract award	Specialist Commissioning & Procurement Manager	
Contract signed	Specialist Commissioning & Procurement Manager Legal Services	
Purchase Order Raised and provided to provider.	Children's Services	
Review of current and potential placements in order to beginning matching for the 3 beds	Specialist Commissioning & Procurement Manager HOS Children Looked After HOS Futures for Families HOS Safeguarding & Planning	

Appendices

1	Appendix A – Level 1 impact Assessment
2	
3	

Background papers

Body	Report title	Date

Contact: Claire Walker, Specialist Commissioning & Procurement Manager
Email: Claire_walker@middlesbrough.gov.uk