

Wiltshire Council

Cabinet

31 January 2023

Subject: Children's Residential Placements Block Contract

Cabinet Member: Councillor Laura Mayes, Deputy Leader and Cabinet Member for Children's Services, Education and Skills

Key Decision: Key

Executive Summary

Although children's residential care provision exists within Wiltshire, only 24% of the looked after children under the care of Wiltshire Council are placed in the county, whilst 76% are placed in neighbouring counties or further afield. The aim is to have more children living closer to their home and communities where it is appropriate to do so to enable them to continue with their education and maintain positive relationships. However, sometimes this is not in their best interest, and a placement further away will be required.

Costs for residential care are significant, with a total spend in 2019/20 of £6.3million for 43 children and young people, and in 2021 / 22 of £7.4million for 37 children and young people who required residential care during the year.

The pandemic has had a significant impact on both the marketplace sufficiency and complexity of need, leading to increased volumes of children in care overall. Where fostering placements has been unavailable, residential provision has been necessary on some occasions. The forecasts on external residential care for the current financial year is 36 children & young people at a cost of £8.2m.

Young people in residential care require a more comprehensive package of care and support which is significantly more expensive than fostering or other alternatives. Though these higher costs are justified due to the higher level of need, the current spend on residential care, and the distance children are currently living away from their homes and communities is unsustainable in the long-term.

To achieve a real and sustained increase in local capacity it was agreed by the Cabinet in September 2021, that further residential children's homes could be purchased by the Council which will be leased to an external residential care provider. Capital funding was agreed for the purchase of two additional properties, up to a total value of £1.5m.

The Asset Gateway & Capital Programme Board agreed in October 2022 to lease the buildings at a peppercorn rent to the provider as part of the terms of a full repair lease. This would help to reduce the revenue cost of placements.

Aspire House will be provided as an additional property within the contract following an appraisal of the options for the use of the building in August 2022.

Aspire house was operated as a children's home by Wiltshire Council but is in the process of being de-registered with Ofsted.

During this time 3 capital bids have been submitted to the Department for Education (DfE) to gain funding towards this work. Although the initial bid in April was unsuccessful, in November the Council was successful in the 2 latest bids and will receive £0.930m towards the purchase and refurbishment of the 2 new homes. This has allowed £0.4m to be released from the original capital budget approved.

Proposal(s)

This report recommends Cabinet agree the following proposals:

1. To award a 10-year block contract to an external residential care provider, to provide 12 places in Wiltshire for Wiltshire children and young people. This will include an annual review of the contract.
2. That officers continue to undertake to prepare and complete the tender programme, award, and implement a new block contract for children's residential care by 30 April 2023.
3. To delegate authority to approve and award a new contract and future extensions and variations and all associated documents to the Corporate Director of People in consultation with the Deputy Leader and Cabinet Member for Children's Services, Education and Skills.

Reason for Proposal(s)

- To ensure children are able to live closer to their home, family, community, and social networks where it is safe and appropriate to do so.
- To ensure cost effective placements for children and young people within buildings owned by Wiltshire Council by leasing them to a provider at a peppercorn rent through a new block contract for 12 residential children's home beds.

Terence Herbert
Chief Executive

Wiltshire Council

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Purpose of Report

1. This report outlines the proposal to commission 12 residential children's home places in Wiltshire, to ensure children are able to remain closer to their home and community where appropriate. This approach will secure long term accommodation for children and young people in Wiltshire through a 10-year contract with an external provider. The contract will be reviewed annually to ensure it is able to meet the current needs of children and young people, working in collaboration with the provider to make changes to the scope and / or number of places required.
2. Cabinet is asked to authorise the method outlined to complete a tender process that delivers sufficiency of home care for children and young people.
3. To delegate authority to approve and award a new contract and future extensions and variations and all associated documents to the Director Procurement & Commissioning in consultation with the Deputy Leader and Cabinet Member for Children's Services, Education and Skills.

Relevance to the Council's Business Plan

4. The proposal is relevant to the following priorities and objectives laid down the Council's Business Plan¹:
5. To support the working themes in the council's business plan 2022 to 2032, commissioning priorities are to:
 - a) **Priority 1** - ensure services are in the right place at the right time
 - b) **Priority 2** - ensure right people receive services in the right place i.e., increasing services delivered in the community and in people's homes
 - c) **Priority 3** - ensure right service, right price

Background

6. Wiltshire Council has a statutory duty to provide suitable and safe accommodation for the children and young people within our care. Where possible, we endeavour to place these children and young people into family-based care, through adoption or foster placements, but there are times when this is not appropriate for the young person. In these instances, residential care homes provide an environment for these young people where their needs can be met.

¹ [Business plan - Wiltshire Council](#)

7. in June 2022 there were 38 children and young people in residential care, with the vast majority (nearly 90%) over the age of 12 years old. This has shown a larger than expected increase from 2020 when there were only 30 children and young people in residential care, when we were forecasting a rise to between 33 and 35 in 2022.
8. There is a fairly even mix of males and females in residential care over the age of 14, but overall, 58% are male, and 42% are female, as more children and young people under the age of 14 are male.
9. Although residential care provision exists within Wiltshire, only 17% of the looked after children under the care of Wiltshire Council are placed in the county, whilst 83% are placed in neighbouring counties or further afield.
10. Reasons for this are related to the ability of the local provision to meet the needs of the Wiltshire children and young people who require a care placement, and also the availability of places across the county. Where children are already in placements, consideration must be given to the needs of all children and young people, and matching the needs of any children is critical to successful outcomes for all of them.
11. The aim is to place children and young people close to their home and communities to enable them to continue with their education and maintain positive relationships in their communities. However, sometimes this is not in their best interest, and a placement further away will be required.
12. Demand for residential care is increasing along with more complex needs of children and young people. We are expecting to require additional residential children's home capacity over the coming years, although actual numbers will depend on the capacity in the wider fostering, supported accommodation, and residential markets. However, it is likely to rise by a further 2 placements over the next year to reach a total of 40 in 2023.
13. In September 2021, Cabinet agreed a capital investment of £1.5million to purchase 2 children's homes which will be offered as part of this contract, to accommodate between 6 to 8 children. Work is underway to identify suitable properties, ideally in the areas of Trowbridge, Salisbury or Chippenham, and there is a working group from across the council supporting the project.
14. In October 2022, the Asset Gateway & Capital Programme Board agreed to lease these buildings to the successful provider at a peppercorn rent in order to reduce the ongoing revenue costs of residential provision. This would reduce the rental or capital costs of the provider, with the expectation that these cost savings would be passed on to the Council.
15. A decision has since been taken to also offer the successful provider an additional property (Aspire House, which was operated as a children's home by the Council until recently). This will also be offered at a peppercorn rent as above.
16. By offering these 3 properties to be children's homes through the successful provider, the Council will be able to guarantee long term sufficiency and stability to more Wiltshire looked after children.

17. To reduce the capital investment from the Council, 2 bids were submitted to the DfE for capital funding to support the project. In November 2022, the Council received confirmation that the bids were successful and will receive £930,064 towards the cost of the properties.

Main Considerations for the Council

18. To ensure that the contract will meet the needs of children and young people, significant engagement and consultation has taken place across the Council, other local authorities, providers, and with children and young people. This has focussed on the opportunities to keep children and young people closer to their homes and communities and ensure that the Council will be able to deliver a suitable and safe, and good value provision through the contract.

19. Consultation with young people has been facilitated by the Youth Voice team and has confirmed that there is support for the approach, and advice was received regarding the type of accommodation that young people would like to see as part of the contract.

20. There has been significant market engagement with providers of residential care, and their views and ideas have been considered as part of the contract and incorporated where it is appropriate to do so. There has also been considerable interest and support for the project, and the approach from the provider market.

Highlights of the contract

21. The Council will commission 12 beds across the county, which will be mobilised and made available over an agreed period, based on demand. This capacity will be provided through the 3 homes leased to the provider, as well as additional capacity from other homes operated by the provider (either new or existing).

22. It is intended that the residential provision will be able to meet the needs of the vast majority of children who require residential care within the block contract price. It is expected that the provider will be able to meet the needs of some children with more complex needs by putting in place additional resource as agreed with the commissioner.

23. This additional support will be agreed in advance of any placement, and invoiced separately, and will be considered for all children as appropriate to try and avoid placing children outside of Wiltshire. This arrangement will be treated as an exception and will only be for a very limited number of children.

24. The provider will not be limited to placing Wiltshire children in the same children's home and will be able to place children from other local authorities with Wiltshire children as necessary, ensuring a stable and suitable mix of children are located in each of their homes. The matching of children will be the responsibility of the Provider, with agreement of Wiltshire council if there are Wiltshire children in the home.

25. Evidence informs us that the needs of children change over time and will vary across our looked after children population. Therefore, the Provider is expected to be agile enough to be able to meet any demand as the needs of children change.

26. The provider will also be expected to charge the block contract price for any additional beds that may be commissioned by the Council either inside or outside Wiltshire (if the provider has other homes), as long as the child's needs meet the description within the contract. This will enable the Council to ensure best value is achieved, and also enhance the relationship with the successful provider to benefit children and young people.
27. It is expected that the tendered price for the contract will be below the current rate available through the regional residential homes framework, but a figure has not been agreed. The Council will reserve the right to review any prices submitted and will only award if there is a reduction in the average cost of residential care.
28. There will be quarterly contract monitoring meetings with the provider, which can be increased or decreased, as necessary. The contract is expected to develop a close partnership between the Council and the successful provider, and there may also be some additional benefits to the children and The Council as a result of this closer working.
29. There will be an annual contract review with providers, to agree whether a variation needs to be put in place to respond to changing demand, or the changing needs of children. This will be throughout the lifetime of the contract to provide greater flexibility.
30. As there will be an annual review to ensure that current needs are being met, the contract term is intended to be 10 years. This will be more attractive to the provider, and promote more competition and investment, and will help to form the foundation for a long-term positive relationship, which will benefit children and young people, and better value for money for the Council.
31. The successful provider will be expected to maintain Ofsted ratings of Good or Outstanding throughout the lifetime of the contract, for any homes that are occupied by Wiltshire children. If this standard was not met, there would be the ability to move children if appropriate to alternative provision, and there will be clauses within the contract to ensure that the Council was not financially disadvantaged through this process.
32. Any good children's home will have an element of therapeutic input for the staff, to enable them to support children well, and deliver the positive outcomes we expect. The Provider will make positive links with local health teams and ensure that the appropriate interventions are delivered to children and young people, as necessary.
33. If demand reduced across the lifetime of the contract, Wiltshire Council would have the ability to sell any vacant beds to other local authorities. It would need to be agreed what the cost of these would be, and whether the Council would limit the time for any of these placements could be used.
34. The contract is asking Providers to deliver social value to the children, families, and communities across Wiltshire through this contract. This will form part of the evaluation process through the tender application and will also be monitored throughout the lifetime of the contract to ensure the Provider is able to put something back into the community.

35. The successful Provider will also be an integral part of the Staying Close pilot scheme that the Council is leading. This is a scheme to provide an enhanced support package for young people leaving residential children's homes, and the Council were successful in securing a grant from the DfE to implement the pilot. This is designed to offer support to young people in the way the 'Staying Put' scheme does for children in foster care.

Overview and Scrutiny Engagement

36. A briefing has been held with the Chair and Vice-Chair of the Children's Select Committee to discuss this paper and proposals.

Safeguarding Implications

37. All the children being supported through this contract will be under the care of the local authority, and as such there are very comprehensive safeguarding measures in place.

38. There are also significant regulations in place to ensure that any children's residential care provider is able to support children and young people and keep them safe. This is regulated by Ofsted, and homes receive at least an annual inspection from Ofsted to ensure children remain safe as part of their inspection.

39. Contracts also ensure that any issues relating to child protection are identified and appropriate referral made to children's services. The new service specification and contract will continue to include these robust measures.

40. In addition to the above measures, social workers visit children at least every 6 weeks, there are independent regulation 44 inspections of children's homes monthly, and Independent Reviewing Officers also see children regularly.

41. As a result of more children living in Wiltshire through this contract, safeguarding concerns will be easier and faster to identify, monitor and resolve.

Public Health Implications

42. The Children's Residential Block Contract will benefit the overall health and wellbeing outcomes of children and young people in Wiltshire in terms of service continuity and reducing the risk that their health and care outcomes could be compromised if the service was not in place.

43. The new contract will also enable more children and young people to remain closer to home and their communities, continuing to access their current education, health and support networks for any specific needs or advice.

Procurement Implications

44. A compliant procurement process will be followed in line with Public Contract Regulations 2015.

45. The procurement process will be designed and run, in conjunction with the Commercial and Procurement team.

46. Consideration to social value implications will be informed through our socially responsible procurement policy and will be taken into consideration when developing the specification for the service. Providers are expected to deliver high levels of social value through this contract.

Equalities Impact of the Proposal

47. The equalities impact of the proposed decision is low against all criteria on the Equalities Risk Criteria Table and, therefore, a full Equalities Impact Assessment is not required

Environmental and Climate Change Considerations

48. It is anticipated that the energy consumption and associated emissions will not alter from their current levels as a result of this proposal. If anything, there will be a reduction in emissions as social workers and other professionals will not have to travel as far to see children and young people, and any travel will be inside the county of Wiltshire.

Workforce Implications

49. These proposals relate to a service that will be delivered through external suppliers, so, there is little-to-no direct impact on council employed staff.

Risks that may arise if the proposed decision and related work is not taken

50. If the contract is not put in place, more children will continue to be placed outside the county of Wiltshire, and further from their families and communities.

51. There is also a risk that the average weekly, and overall cost of residential provision will rise more significantly, as placements will be sourced through more expensive framework contracts, or on a spot purchase basis.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

52. There is a risk that a suitable provider is not identified through the tender process to operate the contract, in which case the Council will review the contract proposals, arrange further market engagement, and offer a new contract to the market in a timely way.

53. Another risk is related to the speed of mobilisation of the 12 places, which will be managed through engagement with the commissioning team and the provider. The benefit of supplying property to the successful provider means that they will be able to mobilise much faster as they will not need to purchase property initially.

54. If the number of children who require a place reduces the Council will be left with void placements. The annual contract review will ensure that the number of commissioned places remain appropriate to the demand, and regular contract management and communication with the provider and with operational teams will reduce this risk.

Financial Implications

55. Costs for residential care are significant with a total expenditure and average cost per young person per week increasing over time.

Financial Year		External Residential Expenditure £M	Number of Young People	Average Unit Cost per Young Person per week £
2019-20	Total	6.3	43	2,818
2021-22	Total	7.4	37	3,846
56. 2022-23	Forecast	8.2	36	4,380

57. As detailed earlier in point 12, demand is growing for residential care at the moment due to the increasing complexity of children and young people’s needs, and the current demand for places in the care market. The expected demand is for an additional 2 places next year, and future demand will be linked to the wider market, although we are not expecting a significant increase in demand at this stage.

58. Average residential placement costs as of September 2022 were as follows:
 In county £4,436 per week
 Out of county £4,854 per week

In addition to the increased placement costs, social care professionals supporting young people outside county borders are required to visit them regularly, and as such, higher numbers of young people in county will mean social worker time can be re-directed to supporting young people, and reduce the cost of travel.

59. It is expected that the average cost of residential placements will reduce as the result of this block contract due to two factors:

- i. The successful Provider will be guaranteed placements through the block contract and will not need to build any allowance for voids in their price
- ii. By leasing the buildings at peppercorn rent to the provider it will reduce their cost for buying or leasing property, which we expect to be passed on through lower placement costs.

60. Although there will be a significant financial commitment through the block contract, it is expected that these costs will be lower than purchasing through alternative framework contracts or spot purchase arrangements as is the case now.

61. As part of the contract, there will be a price review mechanism which will be reviewed annually, with an expectation that the Provider will be able to request an increase in fees based on the following formula:

- i. The EARN03 Index (Average weekly earnings by industry) and CPIH (Consumer Prices Index Including Owner Occupiers' Housing Costs), both based on the January index, will be used to calculate the annual price review mechanism:
- ii. The overall figure shall be calculated on the basis of EARN03 contributing 80% of the overall uplift request, and CPIH 20% of the uplift request.

- 62. In conjunction with the ability to request a fee increase, there is also the expectation that providers will be delivering social value in the community to benefit the children and families of Wiltshire as detailed in point 34. The amount of social value delivered each year will also form part of the decision-making process when considering any request for a fee increase, as this an expectation on the Provider, and does have a financial impact.
- 63. There is a risk with a block contract of paying for “voids” however, the number of young people out of county exceed the block contract proposal and tendering and contract arrangements will ensure the council’s financial interests are protected.

Legal Implications

64. Legal advice has been sought and will continue to be sought on this project.

Any procurement exercise should be conducted in accordance with the requirements set out in Part 9 (Financial Regulations) and, Part 10 of the Council’s Constitution, the SPH Manual and the Public Contract Regulations (2015). Legal Services will need to be engaged throughout this process, with the relevant legal and procurement advice sought.

Appropriate contract documents support the compliant and effective delivery of services and support the Council in ensuring its statutory duties are upheld. Legal Services are supporting the project and ensuring the contractual documentation required is robust and fit for purpose.

Non-compliance with the Constitution, the Public Contract Regulations and the general principles of contract law could result in a legal challenge. However, this risk is minimised through a robust procurement process and involvement of the Council’s Strategic Procurement Hub. .

This structure has been used previously by the Council. The proposed arrangements will ensure the Council meets its duties as described more fully above.

Options Considered

65. Five options have been evaluated to establish which would be the preferred option as shown in table 1 below, along with the options of ‘do nothing’ and ‘stop providing residential care’, both of which were discounted immediately:

Table 1 – Range of Options

Option No	Option	Rank
1	In-house the service on our own	2
2	In-house the service jointly with another Local Authority	5
3	Ask another Local Authority to run the service	3
4	Commission a provider from the external market to operate the homes	1
5	Arms-length company to run	4

66. Each option was evaluated based on the range of criteria below.

Table 2 - Criteria for options appraisal

No.	Element
1	Providing additional capacity in Wiltshire
2	Delivering positive outcomes for children and young people
3	Ease of project delivery/implementation
4	Speed of project delivery/implementation
5	Ofsted / Reputational risk to the Local Authority
6	Residential care home expertise and experience
7	Influence over placement matching
8	Social Value
9	Value for Money (Including all placement, project, revenue, and other costs)

67. Evaluation was carried out by the following people and reviewed at the Children's Performance and Operation Board:

- Head of Children in Care and Young People
- Head of Finance – Children and Education
- Service Manager - Children in Care and Placement Services
- Head of Commissioning – Families and Children

68. Two evaluations have been completed to ensure a balanced view of the options, with different values in elements 2 and 9 above in table 2 (Positive outcomes for children and Value for money). The first table shows a higher weighting for value for money, and the second table shows a higher weighting for positive outcomes for children.

69. The outcome of both evaluations was the same as you can see from table 1 above, which scored option 4 with the highest marks, regardless of whether positive outcomes for children and young people, or value for money was a more important factor. The preferred option scored at least 23% higher than the next highest score, regardless of the weightings above.

Conclusions

To meet the growing demand for residential care places, and ensure that children and young people

This report recommends Cabinet agree the following proposals:

1. To award a 10-year block contract to an external residential care provider, to provide 12 places in Wiltshire for Wiltshire children and young people. This will include an annual review of the contract.
2. That officers continue to undertake to prepare and complete the tender programme, award, and implement a new block contract for children's residential care by 30 April 2023.
3. To delegate authority to approve and award a new contract and future extensions and variations and all associated documents to the Corporate

Director of People in consultation with the Deputy Leader and Cabinet Member
for Children's Services, Education and Skills.

Lead Director

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30th January 2023