

Wiltshire Council

Cabinet

19 November 2019

Subject: Accommodation and Support for Vulnerable Young People (including care leavers and homeless 16-17 year olds).

Cabinet Member: Cllr Pauline Church Cabinet Member for Children, Education and Skills

Key Decision: Key

Executive Summary

The purpose of this report is to request approval to commission accommodation and support for care leavers and other vulnerable 16- and 17-year olds, whose needs cannot be met in supported housing provision.

Wiltshire currently has a small block contract with a local provider. The intention is to identify 2-3 providers with different skill mixes, to create the capacity to deliver enough high-quality accommodation and support to meet the needs of our young people, within Wiltshire.

Currently, the majority of accommodation and support packages for care leavers are sourced through a regional framework, led by South Gloucestershire Council. These providers are predominantly based along the M5 corridor and as a result, only 2 providers have a Wiltshire presence. This means that too many young people are placed outside of Wiltshire, where it is more challenging to provide the support they need.

Framework placements are also significantly more expensive than block packages, which creates additional pressure on the placement budget.

Therefore, it is proposed that the block contract capacity be expanded from 10 to 25 beds. Alongside greater local choice, this will provide greater oversight of, and accountability for, the quality of outcomes achieved for young people, as well as improved value for money for the Local Authority.

Cabinet are being asked to consider this proposal because of the indicative level of annual spend.

Proposal(s)

That approval be granted to commission a 25-bed block contract capacity for vulnerable young people.

That further decisions about the length and specifics of the contract(s) be delegated to the Director of Commissioning in consultation with the Cabinet member for Children, Education and Skills.

There is an opportunity to commission the contract(s) in partnership with Swindon Council and it is asked that approval to do so also be delegated to the Director of Commissioning in consultation with the Cabinet member for Children, Education and Skills.

Reason for Proposal(s)

The purpose of this proposal is to increase the availability and quality of accommodation and support for care leavers and homeless 16-17 year olds, within Wiltshire. It is also designed to reduce unnecessary spend on post-16 placements.

Executive Director: Terence Herbert

Wiltshire Council

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Cabinet Member: Cllr Pauline Church Cabinet Member for Children, Education and Skills and South Wiltshire Recovery

Key Decision: Key

Purpose of Report

1. To approve the proposed recommissioning of accommodation and support for vulnerable young people.

Relevance to the Council's Business Plan

2. This Service contributes to the Council's Business Plan priorities by:
 - Enabling young people to access support close to home.
 - Increasing the standard of housing accessed by vulnerable young people.
 - Improving access to support for the most complex young people.
 - Supporting young people to make positive choices about their own wellbeing.
 - Increasing local skilled jobs by delivering the Service within Wiltshire, rather than outside it.
 - Better preparing vulnerable young people for financial independence.
 - Providing a joined-up Service with equity of access for all who are eligible.
 - Supporting Service Users to shape the Services they receive.
 - Making responsible use of finite resources to support vulnerable young people.

Background

3. Accommodation and support packages for care leavers and homeless 16-17 year olds are not regulated. This means neither Ofsted nor the CQC inspect providers and the responsibility for quality assurance lies with the Local Authority.
4. Wiltshire fulfils this responsibility by commissioning a block contract for the provision of this Service, which allows greater oversight of and accountability for cost and quality. When the contracted homes are full, additional placements are made through a regional Dynamic Purchasing System (DPS). Providers pass a tender process by demonstrating they have the required resources and experience, but are not guaranteed any referrals. All providers are subject to on-going performance management.

5. Wiltshire has been part of a regional collaboration since 2014. The current DPS has been in place since September 2018 - led by South Gloucestershire Council - and has been more successful than the previous. As a result, the percentage of spot-purchased placements has fallen from 60% to 17%.
6. The block contract has also been in place since 2014 and was commissioned in response to an increasing need for external post-16 placements, which had previously been met through in-house provision.
7. The block contract was initially challenging, with high levels of voids. However, improved communication and effective relationship management with the local provider mean that this contract now operates well at a 95% occupancy rate.
8. In the next 3 years, at least 125 young people will leave care in Wiltshire and in the next 10 years, more than 300 high-quality semi-independence placements will be needed, based on the proportion of existing and new vulnerable young people and those likely to require more than one placement.
9. While the regional DPS is a key component of delivering enough placements for these care leavers, over-reliance on a regional approach reduces local placement choice and dilutes the Local Authority's bargaining power, driving up costs and introducing providers of variable quality into the market. This has an impact on outcomes delivered for our young people and increases the risk of housing a young person at a distance from Wiltshire, at a time when our strategic focus is providing outstanding services for our young people close to home.
10. This proposal seeks to address these challenges by more equitably sharing risk and reward with a small number of high-quality providers, to create a local partnership capable of responding flexibly to our young people's changing needs.

Statutory Duties

11. The Children Act 1989 confers on Local Authorities the duties to safeguard and promote the welfare of young people leaving care, maintain suitable accommodation for them and provide other support as required to prepare them to succeed as adults.
12. The 2014 Children and Families Act introduced the Staying Put duty, allowing young people to remain with foster carers up to the age of 21, to support a gradual transition to independence. This duty is now in the process of being extended through the Staying Close pilot programmes to offer parity of support for young people leaving Residential Care.
13. From April 2011, each Local Authority has been required to have an "other arrangements and suitable accommodation" framework to ensure the appropriateness and quality of accommodation for such young people, as well as to ensure young people can be supported close to their home communities wherever appropriate.
14. The Housing Act 1996 (Part 7) sets out the Local Authority's duty toward 16- and 17-year olds who present as homeless, including how they should be assessed and how the Local Authority's duty toward them can be discharged. The landmark

Southwark Judgement sets out what action housing should take when young people are not care leavers and how and when joint assessments and decisions should be conducted.

15. A range of other legislation, including the Leaving Care Act 2000 and the 2014 Children and Families Act, sets out how Wiltshire Council should support care leavers. This includes providing them with a consistent Personal Advisor relationship and access to specialist services where needed.
16. These duties are more effectively met when young people can be placed close to home.

Current Service

17. Where possible, when a young person is ready to leave care (between 16 and 18) and cannot remain in their foster placement under a Staying Put agreement, their social worker or personal advisor will seek to find the most suitable alternative. This may be a supported lodgings bed with our in-house carers, or independent accommodation - as many young people require high levels of support.
18. In these circumstances, external accommodation and support is sourced from:
 - Supported Housing – i.e. The Foyer
 - Post 16 Accommodation and Support - block contract
 - Post 16 Accommodation and Support - Regional DPS
 - Where required, spot purchase with providers expected to sign up to DPS Terms and Conditions
19. Supported Housing is available in hostel-type accommodation across the county, where support is focussed on preparing young people to sustain their own tenancy. This support is commissioned by the Strategic Housing Team, with input from Children's Commissioning. This type of support cannot always meet the needs of young people with additional vulnerabilities, such as substance misuse or mental health needs.
20. Conversely, post 16 accommodation and support is designed to meet the relatively high needs of care leavers or homeless 16-17-year olds, who need more bespoke support to prepare to live independently. Wiltshire Council currently has a block contract for 10 beds in place with a local provider, offering up to 15 hours of floating support.
21. When these beds are filled, Children's Services Buyers source similar accommodation and support through our regional DPS. The DPS generally provides enough beds, but presents three key challenges:
 - Distance – DPS providers tend to be based in Gloucestershire Council, meaning that young people are more likely to be placed outside of Wiltshire.
 - Market Shaping - Working with too many providers reduces our ability to shape the high-quality services we need to respond to specific local needs.
 - Provider Costs - Lack of guaranteed income for providers mean their support and accommodation fees are £15,000-£41,000 a year greater, per young person, compared to our block contract.

Distance Placements

22. When a DPS home is sourced, a referral goes to 50+ providers, all of whom receive hundreds of referrals each week. There is no guarantee that our preferred provider(s) will have an available bed, or that beds will be available in our preferred locations.
23. Furthermore, few DPS providers have a strong local presence and most are limited in the offers they can make by available housing stock.
24. As a result of this supply-driven market, 30-35% of our care leavers will live at a distance from Wiltshire and this proportion is too high.

Market Shaping

25. It is challenging to address this issue through the regional DPS, because making small numbers of referrals with each provider means we lack the economy of scale to encourage providers to source more local homes. In the main, providers need a minimum of 5 referrals in close geographical proximity to deliver a viable service and Wiltshire makes placements one at a time.
26. With each provider operating on a different service model, this means young people can experience varied levels of support, rather than a singular service pathway.
27. Young people are presenting with increasingly complex challenges, including mental health difficulties, experience of trauma (including an increasing number of Unaccompanied Asylum-Seeking young people) and/or high vulnerability to sexual or criminal exploitation. These young people are housed with providers who support them to access the specialist services they need and enable them to develop independence skills. However, most providers with the appropriate track record to meet these needs holistically are based outside Wiltshire and under the DPS arrangement have no incentive to expand locally.
28. Cultivating provider relationships can go some way in addressing these issues and significant progress has been made in the last 12 months. However, providers need evidence of financial viability to commit to longer term projects, which a block contract provides.

Provider Costs

29. Without guaranteed income and largely expected to deliver fewer than 5 placements a year for each Local Authority, provider costs under the DPS can run to £2,000 a week – comparable to our most expensive Independent Fostering Agencies (IFAs).
30. This is complicated by the increasing demand for placements for vulnerable young people. In 2014-15 Children's Services buyers made fewer than 55 external

placements, while in 2018-19 they made 85.¹ This changing landscape necessitates a greater number and variety of placement types.

31. In this context, expanding our block contract capacity offers:

- More local placement choice.
- Increased quality of accommodation and greater accountability on providers to deliver outcomes for young people.
- Cost savings (so long as voids are well managed)

Main Considerations for the Council

Delivering as Corporate Parents

32. Wiltshire Council's Care Leaver Promise pledges to:

- Provide young people with access to support to find work and participate in their local communities.
- Provide appropriate accommodation, with good transport links, where young people can thrive as adults.
- Remove young people from the burden of paying Council Tax.
- Guarantee priority banding when bidding on social housing.
- Offer apprenticeships at Wiltshire Council to those eligible.

33. Our Care Leaver Offer is strong and compares favourably to regional neighbours. However, delivering on many of the promises – notably access to priority housing and free leisure passes - are accessible only to care leavers living in Wiltshire.

34. When young people live out of county, we cannot choose which services other Local Authorities make available to them. This creates disparity of experience and opportunity and dilutes our impact as Corporate Parents.

Financial Considerations

35. The primary objective of the block contract is to improve local placement choice and drive up quality of accommodation and support for young people. However, the contract will also control the upward pressure on post-16 spend, which is currently increasing rapidly.

36. If beds are utilised effectively, there is the potential to deliver savings over the 5-year life of the contract, compared to making the same placements under the DPS. The savings delivered will depend on the occupancy rate achieved and this is explored in the finance section below.

37. The primary issue effecting savings being delivered is the number of weeks void payments that must be paid, if young people cannot be matched to available beds. To limit this impact, void payments must be limited to 8 weeks per year, per bed. This will mean achieving an 85% occupancy rate over the contract as a whole, as explored in the finance section below.

¹ If current trends in care entrants are maintained, this demand will fall to approximately 95 in 2022-25 and 75 in 2025-28.

Responding to the Voice of Young People

38. When commissioning services Wiltshire Council must pay close attention to the priorities young people have asked us to deliver, including:
- More control over their life and decisions about where they live and how they are supported.
 - An appropriate, comfortable home in a safe location, where they can access public transport to get to school, training or work.
 - A home where they can maintain relationships with those who are important to them.
 - Opportunities to develop practical skills that will enable them to live successful adult lives.
 - The opportunity and ability to continue in education or training and/or access employment.
 - Consistent support from trusted adults to help them work through their past experiences and develop a positive sense of identity.
 - Timely access to specialist services to overcome issues when they are ready, including drug and alcohol support, reduction in risk of offending.
39. To deliver this standard of support consistently, young people need to be housed in Wiltshire and supported by providers Wiltshire Council has a close contractual ability to hold to account for the outcomes they deliver.
40. A block contract approach delivers against these considerations.

Overview and Scrutiny Engagement

41. Democratic Services were consulted on this project and as a result, a face-to-face briefing was delivered to the Chair of Children's Select Committee.

Safeguarding Implications

42. Safeguarding considerations are central to this proposal because the Service will support vulnerable young people, who will have experienced some form of neglect or abuse.
43. Therefore, the Service Provider will be required to fully comply with all legislative and Best Practice requirements around Safeguarding Children and Adults for the term of the contract. This will include being fully trained in, and compliant with, standards set by the Wiltshire Safeguarding Vulnerable People's Partnership and Wiltshire Safeguarding Adults Board.
44. All staff will be fully DBS checked and will access safeguarding training every three years and this will be monitored through the contract review process. Managers will be expected to be Safer Recruitment trained.

Public Health Implications

45. This Service will support the achievement of Public Health's strategic priorities by:
- Providing bespoke advice and support to enable young people to make positive lifestyle choices, including quitting smoking, reducing or ending substance use and/or making safe sexual health choices.
 - Encouraging and enabling young people to participate in physical activities and hobbies, including accessing local gyms.
 - Reducing health inequalities among care leavers by providing them with targeted support and practical advice to live healthy adult lives.

Procurement Implications

46. A fully compliant tender process will be completed, in line with OJEU regulations and any light touch regime flexibilities.
47. A sourcing plan has been completed by the Strategic Procurement Hub and will be approved by the Director of Joint Commissioning and Head of Procurement. The sourcing plan sets out the route to market for best value.
48. Two market engagement events have been held to allow providers to shape the service specification, in July and November 2019.

Equalities Impact of the Proposal

49. An equalities risk assessment identified that this Service is low risk, but a full Equalities Impact Assessment has been completed for due diligence purposes.
50. This assessment concluded that the Service should improve access to appropriate, timely support close to home for the most vulnerable young people. There should be no adverse effects on young people from protected groups and there will be no reduction in available support.

Environmental and Climate Change Considerations

51. The primary impact on the environment or climate change will come from staff needing to do fewer long journeys to visit young people placed out of county.
52. The impact on energy consumption and carbon emissions will not significantly change as a result of this Service. The Service does not create any new environmental management risks as young people will be housed in existing properties, in existing communities.

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

Risk 1: Distance Placements

53. Under current service arrangements 40% of young people in external placements live in Wiltshire. As outlined above, without offering providers the guaranteed referrals of a block contract, placements will too often be made on 'best available fit' rather than 'best fit' and this trend will continue.

Risk 2 – Placement Quality

54. Over-reliance on the DPS dilutes provider relationships and our ability to influence provider's service models and standards. This creates inconsistent experiences for young people placed with different providers.

Risk 3 – Placement Cost

55. On average, DPS placements are approximately £31,000 a year more expensive than block contracted placements, with limited ability for the Local Authority to negotiate. Without action the average weekly fees will continue to increase at approximately 4% a year.

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

Risk	Likelihood	Impact	Mitigating Action(s)	Residual Risk
Contracted placement costs are higher than anticipated, reducing savings delivered.	Moderate	High	- Wiltshire will reserve the right not to let the entire contract, if provider submissions do not deliver a saving.	Low
Voids are higher than anticipated, reducing savings delivered.	Moderate	High	-3 month limit imposed on void beds, after which they will be released to framework Local Authorities. ² - 6 month notice period to remove beds from contract.	Moderate
Providers cannot meet the needs of the most complex young people.	High	Moderate	-no. of beds commissioned will allow continued use of framework for up to 20% of young people with most bespoke needs. -beds will come online gradually and contract will allow us to increase or decrease numbers.	Low
Preferred providers do not bid, or are too expensive.	Low	High	-2 market engagement events held -providers co-produced payment structure to ensure viability.	Low
Increasing LAC numbers means demand negates savings delivered	Moderate	Moderate	-Contract commissioned is part of wider system review under FACT, which will deliver alternative placement choices. -Use of the Block contract will be reported separately to allow for accurate measurement of savings.	Low
Providers are unable to source appropriate properties.	Medium	High	-18 months' notice of the intention to commission given -9-month mobilisation window - service level agreement will be signed with landlords to manage their risk(s).	Low
Focus on Sufficiency Partnership is not retained post-award.	Low	Medium	-Providers will be required to engage in quarterly joint management meetings, share data between them and respond collaboratively to changing needs.	Low

² BANES, South Gloucester, Gloucester, Bristol and North Somerset.

Financial Implications

56. The annual spend on the block contract will be approximately £910,000, if all beds are filled. However, this is not new money. The contract will be funded by repurposing funds currently used to make DPS placements.
57. Although the introduction of the Gloucester DPS has improved average fees, we are seeing inflationary pressures. This trend is likely to continue, because the DPS provides fewer financial controls than our block contract. As a result, our spend on post-16 placements is increasing.

Indicator	15/16	16/17	17/18	18/19	19/20 (Projected)	20/21 (Projected with new approach)
No. of external placements made	52	81	35	94	90	80
Average weekly fee - DPS	n/a	£2,000	£1,900	£1,350	£1,450	£1,450
Average weekly fee - contract	£680	£630	£590	£800	£850	£700
Annual spend on care leaver placements	n/a	£3.4m	£1.65m	£2.74m	£3m	£2.8m

58. The financial risk of letting this contract(s) lies in the Local Authority assuming responsibility to pay voids on unused beds, which are not due under the DPS arrangement. Voids would be paid at the weekly accommodation fee plus 4 hours of floating support – approximately £250 a week.
59. The total additional cost depends on the occupancy rate achieved:

Vacancy rate	Void weeks per year	Annual void weeks per bed	Cost if void is demand led	Cost if void is led	Contract cost	Total cost (assuming demand led)
5%	65	2.6	£16,250	£105,950	£910,000	£1,015,950
10%	130	5.2	£32,500	£211,900	£910,000	£1,121,900
15%	195	7.8	£48,750	£317,850	£910,000	£1,227,850

60. The expected price of sourcing 25 beds through the DPS in 2020-21 would be £1.125m.³

³ This figure is based on both the median framework spend for the median placement length in 18/19 (£54,000) and the average overall spend per young person placed outside the block contract in 18/19 (£44,500).

61. Due to the range and varying level of young people's needs there will inevitably be a range of saving opportunities. An average is tabled below based on the vacancy rate achieved. Key to savings being achieved are outcome-based plans for young people which are monitored by the key worker at individual level.

Scenario	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Saving
Do nothing	£1,125,000	£1,170,000	£1,216,800	£1,265,472	£1,316,091	£6,093,363	£0
95% occupancy	£1,015,950	£1,015,950	£1,036,269.00	£1,056,994.38	£1,078,134.27	£5,203,298	£890,065
90% occupancy	£1,121,900	£1,121,900	£1,144,338.00	£1,167,224.76	£1,190,569.26	£5,745,932	£347,431
85% occupancy	£1,227,850	£1,227,850	£1,227,850	£1,252,407.00	£1,277,455.14	£6,213,412	-£120,049

62. In this context, the void rate should be kept below 12% wherever possible. A ceiling of 15% vacancy rate will be set, after which beds will be released to the DPS members to purchase.

63. The financial risk has been further minimised by:

- Building flexibility into the contract(s) to allow us to increase and decrease the bed capacity in response to changing circumstances that affect the underlying business case.
- Separating accommodation commissioned from support packages purchased, to maximise flexibility in how homes can be deployed.
- Building in a no-fault notice period to end or amend the contract.
- The pricing structure for the contract has been partially pre-determined to allow for accurate cost forecasting.

Legal Implications

64. The Council's legal team have been engaged to support this tender and will support the shape of all Terms and Conditions used in the development of the Contract(s). This will ensure that Wiltshire Council are fully protected and risks and responsibilities are equitably shared.

65. The proposed approach will allow the Council to meet all its statutory requirements in respect of its duties to safeguard and promote the welfare of young people leaving care, maintain suitable accommodation for them and provide other support as required to prepare them to succeed as adults.

66. The proposed procurement route will ensure that the Council is fully compliant with all procurement legislation, while also ensuring best value placements.

Workforce Implications

67. The proposed approach will offer increased skilled employment opportunities for local communities, as well as the potential to develop apprenticeship opportunities for care leavers.

68. For the existing workforce, there may be TUPE implications between providers if the incumbent provider is unsuccessful at the point of tender. This will be managed through compliant TUPE processes and will have no impact on Council staff.

69. Selected providers will always be required to adhere to safer recruitment processes as well as providing monthly supervision and on-going support and training for the duration of the contract.

Options Considered

70. The options considered were:

- Do nothing
- Commission a single block contract, maintaining current capacity.
- Commission expanded block contract capacity through one or more contracts.
- Bring the Service In-house

71. **Do Nothing.** This approach would mean allowing the existing contract to lapse in September 2020 and transferring all future placements onto the DPS arrangement.

72. This would reduce the procurement and commissioning resource required at the outset, but would increase the internal resource required to quality assure a variety of placement types and providers over the life of the DPS. It would also lead to increased cost pressures and increased numbers of young people placed outside of Wiltshire.

73. **Commission a further small-scale block contract.** This approach would provide a limited service under contract with remaining placements made under DPS arrangements. With increasing demand and increasing complexity of young people requiring support, this would lead to a gradual increase over time in young people placed outside Wiltshire. This approach would offer limited control to the placement budget, but would still lead to increasing costs.

74. **Commission expanded block contract capacity.** This approach will deliver increased local placement choice and significantly greater oversight of the quality of accommodation and support young people receive. This approach also has the potential to deliver savings against a do-nothing scenario.

75. **Commission Support only.** This approach would involve purchasing or building accommodation for vulnerable young people to rent to providers of support for this cohort. This option requires further exploration to develop a full business case and this will be taken forward in November 2019. The Local Authority is not immediately in a position to move forward with this approach, but the recommended option does not preclude utilising this option in the medium term, as accommodation and support will be commissioned separately.

Conclusions

76. It is recommended that the proposal to commission an expanded block contract for care leaver's accommodation and support be approved and further decisions about the size and nature of the contract be delegated to the Director for Commissioning.

Helen Jones (Director - Joint Commissioning)

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Appendices

1. Equalities Impact Assessment

Background Papers

None