

To: **EXECUTIVE**
23rd January 2024

STRATEGIC PROCUREMENT PLAN – SOUTH CENTRAL CHILDREN’S RESIDENTIAL FRAMEWORK 2024

EXECUTIVE DIRECTOR: PEOPLE

1 Purpose of Report

- 1.1 To seek approval of the Strategic Procurement Plan for the South Central Children’s Residential Framework 2024. Approval of the Strategic Procurement Plan includes agreement to:
- Sign the Partnership agreement which confirms that Bracknell Forest Council will continue to be a member of the next South Central Children’s Residential Framework which starts in October 2024 and will last for up to 8 years (4 + 2 + 2 year contract)
 - The procurement process which will be led by Southampton City Council
 - Any call offs made on the Framework by BFC which do not exceed £40,000,000 over the 8 years of the framework agreement
 - The Frameworks proposed approach to uplifts for the new framework and BFC’s recommended position

2 Recommendations

- 2.1 That the Executive agrees to the recommendations contained in the Strategic Procurement Plan:
- 2.1.1 That BFC enter into a partnership agreement (the Partnership) with 20 local authorities’ where Southampton City Council will be the lead procuring authority for the procurement of a new framework for children’s residential provision (4 + 2 + 2 year contract commencing in October 2024).
- 2.1.2. It is anticipated that the total expenditure by the Council through the South Central Children’s Residential framework will be between £3,500,000 and £4,000,000 per annum, giving an estimated total expenditure for the initial four year term of £16,000,000. Approval of this Strategic Procurement Plan therefore authorises all future call offs from this Framework up to £16,000,000 for the initial 4 year term of the framework, and up to a maximum of £40,000,000 for the total 4 + 2 + 2 year term of the framework.
- 2.1.3. That at the Framework Board Meeting on the 12th December 2024, BFC votes for the following uplift approach for the new Framework recognising that a quorate (50%) decision needs to be reached which may be slightly different from BFC’s preferred position:
- Placements on the current residential framework will be uplifted in line with new framework placements
 - Uplifts will be given annually at the start of the financial year from the second year of the framework onwards. This means providers will be eligible for their first uplift in April 2026 and every April thereafter

- Uplifts should be determined by Consumer Price Index including owner occupiers housing costs (CPIH) average for the year with a cap applied
- The cap should be set at a maximum of 7-8%
- Uplifts will apply to both existing and new placements

3 Reasons for Recommendations

- 3.1 The Strategic Procurement Plan provides detailed reasons for the above recommendations. To summarise, the reasons for the recommendations are:
- 3.2 **To help meet our statutory duties** - As a local Authority, our primary duty is to (provided for in section 22(3) of the Children Act 1989) safeguard and promote the welfare of looked after children. Commissioning services from the residential providers on this framework, complies with the functions, duties and powers of this Act and is one way that the Council ensures that it commissions a range of placement types to meet needs. In line with the Children and Social Work Act 2017 the Council must fulfil a number of key principles in how it carries out its duties as a corporate parent for its population of Looked After Children. Securing a range of high - quality accommodation for our Children and Young People is critical to our ongoing support to children in helping them achieve their independence and ambitions.
- 3.3 As of 30th September 2023, BFC had 149 looked after children. There is only one children's residential provider with homes in Bracknell Forest (a specialist provider of care for boys and young males who have displayed sexually harmful behaviour). There is also a shortage of children's residential homes in neighbouring local authorities. Bracknell Forest Council prefers to utilise In House Foster Carer's where possible for Looked After Children. However, where a child has particularly complex needs which cannot be met by foster carer's, a residential placement may be required. BFC prefers to find residential placements using the childrens residential framework but when this isn't possible the Placements Officer spot purchases residential placements.
- 3.4 **Usage and spend** - Over the last 2 years, operational teams have shared some challenges in identifying framework placements for children – however data shows that usage of the framework has been increasing year on year. The total cost to be part of the South Central Children's Residential Framework for the 6 financial years to date has been £26,130.41. For the new framework there is an estimated one-off upfront procurement cost of £3-4K and an estimated annual management fee of £4,500 - £6K which is relatively low.
- 3.5 The Council has taken an active role in developing its in- house fostering provision and focus on step down from residential provision over recent years. However, for some children with complex needs residential provision will be required.
- 3.6 **Market management and engagement and choice** – As a small unitary being part of a framework with other local authorities, increases the Council's influence in a highly challenging residential Market.
- 3.7 **Compliance and best practice** - The Competition and Markets Authority report published in March 2022 noted that working together can make local authorities more effective and that collaborative procurement strategies can strengthen the bargaining position of local authorities. Significant spot purchasing does not align with Procurement regulations and so there is a clear need for the council to operate within requirements.

- 3.8 **Quality, Procurement and Contract Management functions** provided by Southampton City Council help reduce the workload and risk for the Council. There are set contract terms that providers must abide by.
- 3.9 **A clearer, more transparent uplift process which meets the needs of member local authorities and providers** - In recent years providers have increasingly left the framework due to a lack of inflationary uplifts which has led to member local authorities having to make more expensive placements with spot providers (and spot placements with providers who had moved off framework). The new process will hold prices for the first 18 months and thereafter there will be an annual uplift process. The recommended approach balances what will likely be acceptable to the market with minimising the impact of uplifts for as long as possible for member local authorities.

4 Alternative Options Considered

- 4.1 The Alternative Options are outlined in more detail in the Strategic Procurement Plan:
- 4.2 **Do Nothing (do not re-join the current framework)** – spot purchase all residential placements. Prior to joining the framework in 2018, the Council previously spot purchased all its residential placements and it is widely recognised that this approach isn't usually effective or offers value for money and does not meet procurement regulations.
- 4.3 **To join a different Residential Framework** - other residential frameworks/dynamic purchasing vehicles were identified, however none of the other arrangements offer a better geographic fit than the South Central Children's Residential Framework or equivalent value for money.
- 4.4 **To lead our own residential framework** - this would provide a compliant route to market but given the relatively low number of children's residential placements that the Council commissions, such a tender would be unlikely to attract a great deal of interest.
- 4.5 **To block purchase residential provision with a local provider** – this is an option that is also being considered as a future commissioning approach in partnership with a neighbouring local authority. However, this needs to be in conjunction with membership of the Children's Residential framework as having access to framework providers would still be required to meet demand.

5 Supporting Information

- 5.1 The government has recently published the 'Stable Homes, Built on Love: Implementation Strategy and Consultation Children's Social Care Reform 2023'. This strategy and consultation document highlighted significant and systemic issues in the children's residential care sector, including a lack of placements of the right kind, in the right places, meaning that children are not consistently getting access to care and accommodation that meets their needs.
- 5.2 The Council has been a partner in the South Central Children's Residential Framework since November 2018, the current framework ends on 30th September 2024. The lead partner of the current framework is Southampton City Council, and

the Contract Management function is led by Bournemouth, Christchurch and Poole Council. For the new framework, Southampton City Council will be both the lead partner and the contract management function. For 2022/2023, the overall framework spend per annum with providers was £246.54 million. The framework currently re-opens every year so that more providers can join the framework, however for the new framework it will be open all year round with quarterly evaluation panels to enable more providers to join.

- 5.3 Over the last 2 years, operational teams have shared some challenges in identifying framework placements for children – however data shows that usage of the framework has been increasing year on year. In 2021/22, there was a significant reduction of spot placements, with many spot placements ending with children either stepping down to Independent Fostering Agency placements or moving on to Supported Accommodation provision, this figure had remained similar in 2022/23. As a recent snapshot, at the end of October 2023, BFC had 18 children in residential placements – 11 in spot placements and 7 in framework placements. A recent cost analysis by the Framework revealed that spot purchased placements made by framework members since October 2022 are higher, on average, than on framework placements (26% higher) with more variation of cost with spot placements.
- 5.4 For the current framework, providers prices are fixed for the Framework Agreement Term with providers able to re-submit their prices for new placements during the annual opening of the framework. Unfortunately for the last 2 years framework members have not been able to reach agreement over whether uplifts should additionally be given to framework providers for existing placements due to the exceptionally challenging financial pressures. This has led to some framework members paying different prices and some providers leaving the framework. Feedback from providers is clear that if there isn't a pre-agreed enforceable uplift process in place, they will not join the new framework. A framework cost benchmarking exercise showed that if framework providers had been paid an inflationary uplift annually and stayed on the framework, prices would still have been less expensive for local authorities than if they had moved to spot placements. The new framework has designed a transparent and coherent uplift process that all member local authorities can sign up to and that hopefully will also be acceptable to the market so that the framework stays current. This process is currently being agreed by member local authorities.
- 5.5 Southampton City Council (SCC) will lead the procurement process. SCC will issue a Prior Information Notice in March 2024, the Invitation to Tender will be published in April and bids will be evaluated in July. Contract Award will be in September 2024 ready for the new contract to start on the 1st October 2024.
- 5.6 An estimated one off upfront procurement cost of £3-4K and an estimated annual management fee of £4,500 - £6K is required for membership based on BFC 2022/2023 framework utilisation rates and all partner local authorities continuing to be part of the framework. Each local authority's framework annual management fee is based on a fixed core cost and a variable cost to reflect how many placements it has with the framework each year. The higher the number of placements the higher the contribution from that Local Authority.

6 Consultation and Other Considerations

Contracts & Procurement Lawyer

- 6.1 The proposed procurement will be compliant with the Council's Standing Orders and the Public Contracts Regulations 2015. The Procurement Advice in relation to the timeline is noted.

Finance Business Partner

- 6.2 The budget requirement for all care and accommodation costs for looked after children is considered each year as part of the normal budget setting process. The procurement process of the proposed contract demonstrates a value for money approach on often high cost and complex placements and is considered the best option for these clients.

Head of Corporate Procurement

- 6.3 Due to the structure of this market and the control exhibited by providers within it, as well as legislative direction, local authorities need to work in partnership arrangements as has been set out in order to deliver the best outcomes for the children and young people they support. The Council has been a member of the partnership that Southampton City Council has led for a number of years.

When commissioning through a partnership such as this the overall contract value must be calculated on the basis of the value of all partners, hence the high value which places this contract Above Threshold and the full Public Contracts Regulations 2015 (subject to the light touch regime) apply. As the lead authority Southampton will be acting as an agent to conduct the procurement on behalf of Bracknell Forest Council and the other partners.

The proposed route to market is both compliant with the Regulations and is the option most likely to produce the stable, more cost-effective service with a more transparent uplift process, especially considering the power providers are able to leverage in this market. However, the timeline proposed by Southampton, whilst achievable, is highly ambitious for a contract of this complexity and involving this many local authorities.

Ideally the publication date of April 2024 would be brought forward, though it is recognised that this is not likely to be possible due to the complexity of the requirement and the number of partner authorities. The commissioner is advised to monitor and work with Southampton closely in order to ensure the timeline is achieved.

Equalities Impact Assessment

- 6.4 An Initial Equalities Screening Record Form has been completed for this requirement and is attached to the Strategic Procurement Plan. The screening determined that a full Equality Impact Assessment was not required.

Strategic Risk Management Issues

- 6.5 **Continued low availability of residential placements** – finding placements on the current residential framework has been increasingly difficult in recent years and nationally there is a shortage of residential placements to meet need. In a

challenging market the Council needs as many placement finding tools as possible to try to find good quality placements for our children and young people.

- 6.6 **Pricing/Uplift challenges** – there have been an increasing number of uplift requests for the last 2 years for residential and Independent Fostering Agency placements, both on and off framework. The new framework has designed a transparent and coherent uplift process that all member local authorities can sign up to and that is also acceptable to the market so that the framework stays current. Strategic Commissioning has been working with the framework and local authority members to ensure that an uplift policy and process is developed which fulfils this aim.

Background Papers

Strategic Procurement Plan – South Central Children’s Residential Framework 2024

Contact for further information

Grainne Siggins, Executive Director: People

Grainne.siggins@bracknell-forest.gov.uk

Thom Wilson, Assistant Director: Commissioning

Thom.wilson@bracknell-forest.gov.uk

Amy Jones, Head of Strategic Commissioning

Amy.Jones@bracknell-forest.gov.uk