Executive Summary

This report seeks agreement to a tendering exercise to create new contracting arrangements for a ‘whole pathway’ approach to the needs of young people, and establish a pre-accredited list of providers to facilitate the sourcing of spot purchase arrangements when the block contracts are fully utilised or inappropriate to meet the young person's needs.

The current budget for Older Looked After Children (OLAC) accommodation and support is £2.44m, and the predicted outturn is £3.18m, an overspend of £0.74m.

This procurement will also include the renewal of existing accommodation services for unaccompanied asylum seeking children (UASC), which are currently provided on a block contract basis with two local providers.

Recommendations

1. That a procurement process be commenced for the provision of accommodation and support to young people who are the responsibility of the OLAC and UASC Services, through four block contracts (x3 for OLAC and x1 UASC), and a Framework of Approved Providers to enable spot purchasing outside the block contracts. These contracts to be for three years in the first instance, with the option to extend for a further two years.
2. That the Cabinet member authorises the Director of Children’s Services to approve the award of block contracts and a Preferred Provider list to selected providers following the completion of the procurement process.
1. **Background**

1.1 The County Council is required to provide support and, where appropriate, accommodation, for young people who have been previously ‘looked after’ by the Authority. In 2011-12, 167 young people were entitled to this service and 68 young people received support and accommodation packages. Of these, 44% had previously been fostered, and 28% had been in residential care.

1.2 The Regulation, Audit and Accounts Committee (RAAC) has previously recommended that the Older Looked After Children’s Service (OLAC), should work with the Supported Housing Service to develop an accommodation strategy which would address how accommodation and support is commissioned, seek to develop the accommodation market, ensure that policy defines the types of appropriate accommodation, and gives clarity to the role of the Access to Resources Team (ART) in developing a commissioning strategy, securing services, and monitoring the provision.

1.3 This led to the establishing of an OLAC Strategy Working Group, initially chaired by Principal Manager, Specialist Services (JCU), which has led to a complete review of the ways in which these services are procured, and the ways in which resources are agreed.

2. **Difficulties with present position**

2.1 The existing arrangements mean there is insufficient control in the allocation of resources for support and/or accommodation. Accommodation has been procured on a spot purchase basis, often with the same provider, and without due consideration to alternatives, and value for money. As a consequence, the market has become dominated by one provider, reducing competitiveness. The terms and conditions for each placement have been those supplied by the provider rather than the County Council. There has been a lack of rigour in the monitoring of placements, and many have remained in place for longer than the young person’s needs would indicate, and the level of support has also not been reviewed sufficiently. The budgetary position for such placements has become unsustainable.

3. **Proposal**

3.1 In respect of OLAC, we propose to procure three geographically defined block contracts to provide housing and support, with four distinct categories of service delivery within each block contract. Each category to provide a differing level of support to enable a whole pathway approach. The areas will be: Chichester and Bognor (block 1); Worthing, Adur and Littlehampton (block 2); Crawley, Horsham and Mid-Sussex (block 3). The basis of the selection will be the most economically advantageous tender.
3.2 The services will be procured via a restricted tender process. Each contract will be for three years, with an option to extend for a further two years.

3.3 Market consultation and cost modelling indicates an annual approximate contract value of; £165K for blocks 1 + 3, and £281K for block 2.

3.4 In respect of OLAC, we propose to replace the existing block contracts with two providers with a single, Countywide block contract. This contract will be for three years, with an option to extend for a further two years. Based on the current contract values, we anticipate the annual value to be £683K.

3.5 The majority of costs in relation to UASC are met through a Central Government grant.

3.6 In addition, the same procurement will establish a framework of approved providers from whom the Council can call off spot purchase arrangements as and when required.

3.7 The move towards block contracts is in direct response to findings from the extensive consultation which indicate that contracts of this nature deliver improved outcomes for young people and financial advantages.

3.8 The resources required to manage the process, and on-going monitoring will be met through the Joint Commissioning Unit.

4. Aims of the strategy

4.1 To ensure that young people receive a service appropriate to their needs whilst that need persists.

4.2 To ensure that all services are delivered through WSCC contracts.

4.3 To develop a pathway route for young people. This will reduce their support as appropriate over time, and prepare them for independent living as soon as practicable.

4.4 To have clear outcomes identified within individual placement agreements, and to ensure that these are robustly managed.

4.5 To reduce the current overspend, and deliver financial savings within a secure and sustainable framework of service providers.

4.6 To ensure that the arrangements for agreeing funding are robust.

5. Consultation

5.1 The key consultations within The County Council have been legal and financial services advice.

5.2 A market consultation day was held in December 2011, with 67 providers, representing 47 organisations who deliver services to young people locally and nationally.

5.3 A second consultation was held in January 2012 with 6 providers, in order to more fully understand the financial aspects, and consider how best to achieve value for money.

5.4 The Children in Care Council attended the first consultation, and have been involved in an on-going consultation with young people to ensure young people’s input was included in the design of the services.
6. Customer Focus Appraisal

6.1 A customer Focus appraisal has been undertaken and is attached as an Appendix to this report.

7. Resource Implications and Value for Money.

7.1 The current budget for OLAC accommodation is £2.44m. However the predicted outturn figure for 2011/12 is £3.18m. This represents a predicted overspend of £0.74m.

7.2 The change in the outturn position over recent years can be seen below:

<table>
<thead>
<tr>
<th></th>
<th>2011/12 (est)</th>
<th>2010/11</th>
<th>2009/10</th>
<th>2008/9</th>
<th>2007/8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>£3.18m</td>
<td>£2.74m</td>
<td>£2.34m</td>
<td>£1.76</td>
<td>£1.31</td>
</tr>
<tr>
<td>Increase p.a.</td>
<td>16%</td>
<td>17%</td>
<td>32%</td>
<td>35%</td>
<td></td>
</tr>
</tbody>
</table>

The total increase over the last 5 years has been 142%.

7.3 The project aims to bring the budget in line by the end of the financial year 2012/13. This is to be achieved through a reduction in the number and level of support packages for young people. Further costs reductions are envisaged through a collaborative approach with Supported Housing, including a pilot scheme, using existing funding, for a Supported Lodgings Scheme; and closer partnerships with District and Borough Councils to share expertise in relation to housing matters and identify move-on properties for young people.

7.4 The longer term aim is to reduce the overall budget spend by 5%, through the procurement of a series of contracts to deliver a pathway of services to young people. The pathway will include group living with staff available at key times, plus sleep-in, a shared flat with floating support, floating support to young people living in their own accommodation and pre-tenancy support.

7.5 The key alternative considered was to only create a framework of approved providers, and to make individual placements through a process of ‘mini-competitions’. However, the market consultation undertaken indicated that this would be less effective in delivering positive outcomes for young people and less cost effective. The key reasons for this being –

- A framework would lead to most placements being within the private rented sector, and be sourced on an individual basis. This would lead to greater financial risks in relation to deposits, and guarantees
- The accommodation would be less secure for the young people
- It would be more likely that poorer quality accommodation would sourced for young people who present some risks from the landlords perspective.
- The providers would have less incentive to recruit staff who are specialised in the needs of young people leaving care.
8. Risk Management Implications

8.1 We would consider that the risk of the proposed action not delivering the desired outcomes to be low.

8.2 There is a risk that unsuccessful providers will have their business reduced, leading to a contraction in the competitive market. This would be managed through the encouragement of partnership working between providers, and the acceptance of bids from consortia.

8.3 There would be significant risks in the event of a failure to implement the changes. These would be –

- A continuing inability to properly manage the market
- Continuing to operate with externally provided contracts
- The ability to manage costs effectively
- The lack of outcome based planning for young people

9. Crime and Disorder Act Implications

9.1 Young people who have been in care are disproportionately over-represented in the criminal justice system. We would anticipate that a clearer structure to their care pathway, in good quality and sustainable accommodation, with appropriate support, would assist in helping to reduce any criminal or anti-social activity.

10. Human Rights Act Implications

10.1 The proposed arrangements will promote the duty to have regard to the rights to private family life and home as envisaged in Article 8 of the European Convention of Human Rights. The evaluation of quality and value of the services to be procured will have this as a primary consideration.

Stuart Gallimore – Director of Children’s Services
Crispin Atkinson – Interim Director of Joint Commissioning

Contact:

Amanda Brewis – 01903 839185 amanda.brewis@westsussex.gov.uk
Martin Cross – 01903 839402 martin.cross@westsussex.gov.uk