

Report to Jacquie Russell, Cabinet Member for Children and Young People, Learning and Skills

November 2024

Commissioning residential provision for children we care for

Report by Daniel Ruaux, Assistant Director, Corporate Parenting

Electoral divisions: All

Summary

The County Council has a duty to take steps to secure, so far as reasonably practicable, sufficient accommodation within its area which meets the needs of children within its care. Sourcing stable placements which adequately meet the requirements of children and keeps them within county borders and close to their family, friends and communities is a particular challenge, and this picture is reflected nationally.

The County Council has been working with providers from a range of sectors including those already operating in residential and semi-independent care, to identify potential solutions to these issues. The culmination of this work is to propose a new approach, developing services in partnership with providers, to deliver residential care provision for children we care for, including those with complex needs, and better support sufficiency in West Sussex.

The intention is to direct award contracts for the delivery of 3 new residential homes consisting of 2 or 3 bedrooms each, thereby increasing placement availability within or close to West Sussex.

Recommendation

The Cabinet Member for Children and Young People, Learning and Skills is asked to approve:-

- (1) The Direct Award of three contracts to the following providers for the provision of three new residential units to provide placements for children we care for:-
 - Cranmead
 - BEST Project
 - Bespoke Guardians

Issuing of contracts is dependent on Ofsted registration. The first two are expected to be issued early December 2024 and the final one in Spring 2025. All contracts will come to an end on the 30th June 2026.

Proposal

1. Background and context

- 1.1 West Sussex County Council is required by the Children's Act to provide enough safe and caring homes for the children we care for. This need is currently met via a mix of provision including placements with foster carers and in residential children's homes provided internally and by the external market.
- 1.2 There is a national crisis in the supply and sufficiency of placements, placing Local Authorities in competition to secure provision. Due to this lack of choice, some of the e placements sourced do not adequately meet children's needs and are at significant distance from West Sussex and are at a high cost.
- 1.3 The market is controlled by providers now mainly owned by hedge funds, private equity firms and overseas investors. Those organisations have not provided the conditions to increase sufficiency, citing issues with securing sufficient work force and unfavourable property prices in the Southeast
- 1.4 In 2022 approval was given for the County Council to enter into partnership with other local authorities in the region with the aim of developing an innovative approach to residential care provision and enabling places for children with complex needs to be procured (decision [CYP03 \(22/23\)](#) refers). Unfortunately, this procurement resulted in no bids.
- 1.5 There are currently several children placed in crisis placements or located more than 100 miles from home. These placements are typically used for children who have had multiple moves and who have experienced complex trauma in their lives.
- 1.6 Crisis placements are short term, activity-based placements at high cost and usually in remote areas. They have their place but are becoming the default solution where long-term provision cannot be identified. Placements more than 100 miles away can translate to poor outcomes for children given the difficulty with maintaining effective oversight and keeping the child connected to their families, friends, and communities.
- 1.7 Solutions are needed to address the shortage of suitable placements so extensive engagement has been carried out by Commissioners from the Children, Young People and Learning (CYPL) directorate with providers from a range of different sectors who have expressed an interest in entering the children's homes sector. This has identified that providers do not require capital investment, or properties provided by the County Council – they are able to secure properties from their own resources. However, they do need expertise, support, and advice to enable them to progress their aspiration to enter the children's home sector.
- 1.8 This engagement has informed the County Council's proposal to trial a new approach by commissioning providers to open small residential units within

the County, thereby securing much needed additional placements to offer local provision for children with a range of needs.

2. Proposal details

- 2.1 It is proposed that the County Council will direct award contracts to three providers to deliver three new children's homes. The providers are new to the Children's Home Sector but are experienced in their own fields of semi-independent provision for Care Leavers and specialist agency staffing used to provide care for those children currently placed in unregistered provision.
- 2.2 The first two contracts, to Cranmead and BEST Project, are expected to be issued in early December 2024 and the final one to Bespoke Guardians in Spring 2025. All contracts will come to an end on the 30th June 2026. Issuing of contracts is dependent on Ofsted registration.
- 2.3 The providers will open one home each consisting of 2 or 3 bedrooms, and these will be located within or close to the boundaries of West Sussex. The placements to be created will offer a range of provision including for those children with complex needs. It is considered that the collaborative approach being taken with this model has the potential to change and shape the local sufficiency of children's home placements in West Sussex.
- 2.4 Should this new approach to securing placements prove successful it is proposed to explore expanding provision further through establishing a framework of providers to deliver additional homes. This would enable an increase in the range and type of available placements. If it is determined that this should proceed the proposal to establish a framework will be the subject of a further key decision process.
- 2.5 This project is different to other attempts to commission residential placements because it aims to attract new providers into the sector and because the offer from the local authority provides an enhanced level of support to those providers to ensure their success. The range of support available will include: -
 - Recruitment and workforce development support
 - Psychological formulation to understand children's needs and ensure the support they received is tailored
 - Dedicated commissioning support
 - Regulatory and practical support and advice and mentoring from in-house residential services
- 2.6 The model will be evaluated over the course of the first six months to assess wider viability and assist in determining whether to proceed with seeking to establish a framework arrangement to increase placement provision.
- 2.7 To avoid the potential issue arising of the homes being sold to other larger organisations, a clause will be added to the contracts to ensure the Local Authority and its Collaboration partners have the first option to purchase homes should the provider wish to sell them.

3. Other options considered (and reasons for not proposing)

3.1 The following options were considered and rejected:

- i. Do nothing – This was not considered a viable option due to the increasing costs of registered provision.
- ii. Run a full tender now –. from the experience of running the previous procurement, where no viable bids were received, it was clear that the current market has little appetite for this type of block contract arrangement and that a new approach was required
- iii. Call off existing framework – The facility exists to call off a block contract from the County Council’s current Children’s Placements and Other Support Services framework. However, this framework is shrinking with providers leaving in preference of spot purchase placements or larger regional frameworks with more attractive terms and the remaining providers have not expressed an interest in developing new provision.
- iv. Wait for a regional solution – This was felt to be a potential solution but one which is unlikely to yield results for at least 3-5 years and a solution is required now.

4. Consultation, engagement, and advice

- 4.1 Extensive engagement has been carried out by CYPL Commissioners with providers from a range of different sectors who have expressed an interest in entering the children’s homes sector. This assisted in identifying that a key aspect of the new model would be the support offer from the County Council.
- 4.2 Consultation has also taken place with existing Children’s Homes providers, Ofsted, West Sussex Children in Care Council, representatives of Social Care and members of the Regional Care Cooperative Pathfinder. The insight provided by the CICC and CLAB has been used to inform the specification and supported the providers in considering location and look of their new homes.

5. Finance

5.1 Revenue consequences

	Current Year 2024/25 £m	Year 2 2025/26 £m	Year 3 2026/27 £m
Block Contracts	0.4	2.37	0.6
Estimated savings	0.9	4.47	1.3
Net savings	0.5	2.1	0.7
Additional resources/support	0	0.6	0.15
Net savings after investment	0.5	1.5	0.55

5.2 The effect of the proposal:

(a) **How the cost represents good value**

- Keeping our children local gives them access to local services that support their needs and care planning as well as keeping them close to family, friends, and their schools.
- Social workers time will be used more effectively when not travelling to see children in out of county placements.
- Better outcomes will be achieved for our children reducing the likelihood of placement breakdowns and the use of crisis provision.
- It brings new providers into the sector, stimulates the workforce and creates opportunities for growth.

(b) **Future savings/efficiencies being delivered**

The proposed contracts are expected to achieve savings of £2.1m when compared with current placement costs, however to achieve the full saving an investment of £600k is required. Therefore net savings of £1.5m are expected for 2025/26, which is reflected in the latest Medium Term Financial Strategy and has been assumed as part of budget setting for next year.

The forecast savings arising from the part year effect for the remaining 4 months of this financial year have already been accounted for in the latest budget forecasts.

(c) **Human Resources, IT and Assets impact**
N/A

6. Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
The contracts for these beds will be for exclusive use by West Sussex under a block contract arrangement. There is a small risk that, should the beds have periods of vacancy, the County Council would be paying for voids	A phased mobilisation is planned whereby the County Council will pay for full occupancy initially but will utilise only one bed before matching other children and scaling up to 2/3 beds based on care planning. Even with this model of holding the units as solos for a brief period the cost will be lower than current arrangements
Providers could leave the contract or sell their homes as going concerns once established	Providers will not be permitted to give notice on the contract during the 18-month period. Likewise, it will be a contractual requirement that should a provider wish to sell their children's home, that home must be offered to the local authority first, followed by other

Risk	Mitigating Action (in place or planned)
	providers in the collaborative before they could sell elsewhere.

7. Policy alignment and compliance

7.1 Our Council Plan

This proposal aligns to all four priorities:

- i. Keeping people safe from vulnerable situations by increasing local sufficiency of placements for our most vulnerable children, keeping them connected to protective factors such as family, friends, education and other support services.
- ii. A sustainable and prosperous economy by providing additional employment opportunities within West Sussex
- iii. Helping people and communities fulfil their potential by achieving better outcomes for children and young people whilst in the care of the local authority
- iv. Make the best use of resources by reducing the use of more expensive crisis and unregistered provision.

7.2 Legal implications

There is a risk of legal challenge from other providers who are not afforded these contracts. However, given the fact that the procurement exercise in 2022 failed and the overwhelming evidence that there is little appetite to develop new children's homes in the current provider market this risk is felt to be low.

The contract terms have been drafted by the Commercial Legal Team and comply with the Council's Standing Orders on Procurement and Contracts.

7.3 Equality duty and human rights assessment

An Equalities Impact Assessment (EQIA) screening has been completed and no high negative impacts have been identified. The EQIA will continue to be developed and reviewed as this project progresses.

7.4 Protecting the environment

This proposal aims to keep more of our children living locally reducing the need for travel thus reducing our overall carbon footprint.

7.5 Crime and disorder

This proposal aims to reduce crime and anti-social behaviour by providing stable homes built on love for our children and young people who have previously had multiple moves and will have had difficulty settling which

often results in involvement in anti-social behaviour and involvement in youth crime.

7.6 Public health

7.7 This proposal supports West Sussex Public Health Outcomes by providing stable homes for our children which supports them to have a better start in life with access to health and wellbeing services that support their development.

7.8 Social value

This proposal supports the following Social Value aim of the Council for helping individuals or groups in the community who may be disadvantaged or reducing inequality between groups. Care experienced people are far more likely to have poorer life chances.

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Background papers - None