

Options Appraisal – Residential Care Contract

The current contract for Residential Children's Home placements is due to end in March 2020. There are 4 options that have been considered for replacing this contract.

1. Set up a “Bristol only “Framework Agreement

This option was rejected, as experience and analysis suggests that greater economies of scale, improved outcomes (e.g. placement stability) and best value for money can be obtained through a collaborative procurement process with other authorities.

2. Spot purchase.

This option was rejected because of non-compliance with the Public Contracts Regulations 2015, the resource intensity of individual negotiation and the increased risks in terms of cost and quality where each placement required would be subject to market forces on a case-by-case basis.

3. Join the South West consortium

The joining fee is expected to be £4,000, and ongoing maintenance fees are likely to be similar to those on the South Central Framework, however there are some risks anticipated with this option, and we assess fewer benefits. This group have started the recommissioning process relatively late given the new contract needs to be in place by 1st April 2020. Whilst the formality of putting together a tender can be done reasonably quickly, the critical element in any tender process, particularly with a difficult market is market engagement and the time to do this well is limited, which is a concern. The SW group have tended not to manage their contracts collaboratively in the past therefore not using the collective buying power to manage the market; this has led to some difficult situations managing uplifts for example in the past and the lack of a co-ordinated approach allows providers to play authorities off against each other. The SW is now looking to develop this approach but this takes time to negotiate and agree between all parties and again the timescales are extremely tight. The SW group is smaller than the South Central group and includes a number of small local authorities who make few placements; therefore the purchasing power of the South Central group is better suited to a large purchaser like Bristol. We are working with a number of South Central partners on our collaborative INMSS contract for independent special schools and from this we already have good relationships established and know this is a strong, positive collaborative group. There is a concern about breaking from our neighbouring authorities in the SW and we will need to work to maintain our relationships with them and ensure local market intelligence continues to be shared.

4. Join the South Central Framework (recommended)

As outlined in the report, this is currently a collaboration of 19 local authorities across the South Coast - Kent to Dorset, and South Central up to Oxfordshire. It is a collaborative endeavour with significant purchasing power as a result. The contract has 6 lots covering different placement needs that should help us better meet the needs of our young people as it offers potentially better choice. In specifying the type of placement more clearly it better manages price, for example one lot is for Crisis placements which tend to be higher staff ratios which can be more expensive. There is a central contract management team who have time to engage with the market to bring on new providers as well as co-ordinating information from QA visits and collating intelligence into regular reports for the group. Our Placements and Strategic Commissioning teams currently do some of this reporting which will free up the time of our staff. The following core outputs of the Framework Co-ordination will be delivered on BCC's behalf, which will provide better oversight and evidence areas inform areas for development:

- Monitor and report on Framework Agreement provider performance against framework KPIs.
- Collate and report on performance issues.

- Monitoring of Regulation 44s.
- Report on changes to provider Ofsted ratings.
- Respond to FOI requests pertaining to the business of the framework agreement.
- Provide an impartial mediation role between Consortium Members and providers as needed.
- Facilitate Provider engagement and communicate thematic issues experienced by consortium members.
- Provide red flag notification for Partners when a Provider has unplanned endings and fee increase requests, as well as monitoring this across the consortium etc.
- Facilitate the conversations around blocks between Partners and mitigate the risks of Partners block booking in a host authority against their wishes.
- Co-ordinate volume discounts to maximise efficiencies, with the proceeds collected being held by the coordinator and offset equally across consortium members against their following years' proportional usage cost.
- Co-ordinate visits and sharing of information gathered by consortium members from visits of homes. The function will also actively promote utilisation of such visits as an opportunity to confirm that services are being delivered in a manner that is consistent with tender submissions; an opportunity that is often/ usually missed
- Produce quarterly and annual 'Highlight Reports'. These reports will use information collected from the quarterly and annual monitoring returns from providers and will enable Local Authorities to benchmark performance in their area against regional and national averages.