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A separate Briefing Note is submitted in the private part of the agenda in respect of this item, as it contains details required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it contains information relating to an individual, financial and business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information..

To: Finance and Corporate Services Scrutiny Board (1)

11 January 2024

Subject: Delivering Value for Money in Placement costs

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## **1 Purpose of the Note**

- 1.1 To provide a briefing outlining the corporate controls in place to secure value for money when providing support to vulnerable residents. The report outlines the experience of several services in meeting demand and cost of support, describing how value for money is managed.

## **2 Recommendations**

2.1 The Finance and Corporate Services Scrutiny Board (1) is recommended to:

- 1) Note the corporate approach utilised by the Council to deliver value for money and quality assurance through commissioning and procurement.
- 2) Note the current position in relation to the costs of securing support for vulnerable residents within the areas highlighted in this report and the issues experienced by those service areas.
- 3) Make any recommendations to the relevant scrutiny board where further analysis of the value for money processes undertaken across specific service areas is deemed appropriate.
- 4) Identify any recommendations for the appropriate Cabinet Members.

## **3 Background and Information**

3.1 This briefing note provides details of the corporate controls in place to secure best value in securing support for vulnerable residents.

3.2 It then goes on to highlight the issues faced across the services listed below in securing placements.

- Adult Social Care
- Housing
- Special Educational Needs (SEN)

- Home to School Travel Assistance

3.3 Information covering Childrens Social Care was reported to Education and Children’s Services Scrutiny Board (2) on 23<sup>rd</sup> November 2023 with the chair of scrutiny board (1) in attendance.

#### 4 Corporate Procurement & Commissioning Processes

##### What is Value for Money when undertaking procurement activities

4.1 The common definition for Value for Money in procurement activities is “a utility derived from every purchase, or every sum of money spent. It is based not only on the minimum price (economy) but also the maximum efficiency and effectiveness of the purchase”. In essence, the concept for Value for Money is understood as not paying more for a good or service than its quality or availability justify.

4.2 It should be noted that Value for Money does offer challenges particularly in the public sector due to the fact that defining and measuring Value for Money is fraught with various challenges such as:

- The public good – not always being easy to value a public good, because money (cost) is not the only measure.
- Multiple stakeholders with different expectations could complicate the measurement of Value for Money.

4.3 Despite the challenges stated above, the concept adopted by the Council when seeking to achieve Value for Money in competitive procurement activities centres on awarding the contract to the supplier whose submissions represent “Most Economically Advantageous Tender” when evaluated against the criteria set when the opportunity is made available by the Council.

##### How does the Council seek to achieve Value for Money in procurement activities?

4.4 The Council does not currently have a Value for Money Strategy document. Instead, the Council operates all its procurement activities under standing orders set out in Part 3G of the Council’s Constitution (Contract Procedure Rules). The Contract Procedure Rules operate as the instructions of the Council to officers and councillors for making contracts on behalf of the Council. The purpose of which is to set clear rules for the procurement of works, goods and services for the Council and to ensure a system of openness, integrity and accountability, in which the probity and transparency of the Council’s procurement process will be beyond reproach.

4.5 Within the Contract Procedure Rules, the following controls and governance are put in place:

Estimated Total contract Value	Process	Approval to Procure
£1,000,000 +	Competitive Tender	Procurement Board. Where the contract is greater than

		£1m per annum then this will also need Cabinet Approval
£100,000 - £999,999	Competitive Tender	Procurement Panel
£10,000 - £99,999	Minimum of 3 written or oral quotations (where appropriate, a minimum of 2 should be from local suppliers or social enterprises)	Request for Quotation from suppliers with approval by Director or Authorised Deputy
Below £10,000	Capable of being a Direct Award where value for money can be demonstrated	Budget Holder

4.6 In addition to the above, the following should also be noted:

- All managers and their staff are responsible for actively managing all the resources under their control so as to achieve policy and service objectives as set by Members. This active management must include securing value for money, maximising resources and staying within the approved budget.
- Paragraph 12.5 of Part 3G of the Council's Constitution also requires that if there is an in-house service available that operates as a trading unit, the Director must consider, in accordance with Value for Money principles, whether that service should be used or whether a contract should be let to an external provider, although all resource implications (e.g. TUPE implications and/or redundancies for directly employed staff), must be considered as part of the best value assessment.

4.7 When service areas are selecting the most appropriate procurement route to secure value for money, they are encouraged, in consultation with the Head of Legal and Procurement Services, to adhere to the principle of ensuring that all practical options for contract packages and methods of procurement should be analysed and evaluated, with the object of selecting the option that most effectively ensures value for money is achieved. The preferred option must provide full, fair, transparent and open competition and be identified as the most advantageous tender. To this end, the PROC paper submitted to either Procurement Panel and/or Board currently contain questions that demonstrate:

- whether the procurement is required in order to facilitate the discharge of an essential or discretionary function (together with justifications); and
- what options have been considered to facilitate how the service might be provided at lower cost.

4.8 It is recognised that competition is an underlying principle of public procurement, as well as being widely acknowledged to be a key enabler of value for money. It helps the Council to secure the goods and services it requires at the right price and quality and is seen as the best way of demonstrating probity in the award of public contracts. Increasing competition for public contracts can improve value for money by allowing suppliers to demonstrate how they can improve quality, reduce costs and increase the scope for innovation.

4.9 The processes put in place in the Council and discussed above in relation to procurement activities are kept under review as achieving the benefits of Value for Money requires attention throughout the commercial lifecycle. Accordingly, Legal

and Procurement Services are currently reviewing and strengthening the Council's contract management processes.

## **5 Adult Social Care Placements**

- 5.1 Adult Social Care uses a mix of internally and externally provided placements to manage demand with externally commissioned placements sourced by a mix of spot, block and framework contracts. These can also be jointly commissioned with the Integrated Care Board and/or other local authorities, principally Warwickshire County Council.
- 5.2 Cost pressures in adult social care are driven by several factors including the number of placements, the complexity of need for the individuals supported, the availability of services that can meet the assessed needs, as well as market rates.
- 5.3 With high numbers of carers paid the National Living Wage (NLW), changes to NLW rates have a significant impact on increases in care charges. This is because annual inflationary increases are based on a formula weighted by National Living Wage increases as well as wider inflationary changes.
- 5.4 Other increases outside of annual inflationary increases either relate to changes in need, further requests from providers or where specific government funded interventions to increase fees to providers take place.
- 5.5 Where a provider raises concerns regarding a change in need, a further social care needs assessment will be carried out prior to agreement of a change in placement cost.
- 5.6 When a funding increase request relates to costs considered by the provider to be more than inflationary, a fee rates panel will consider the request. Providers are requested to provide supporting evidence of what they believe substantiates the additional costs sought.
- 5.7 Adult Social Care monitor delivery of contractual requirements through both quality assurance mechanisms and contract monitoring against Key Performance Indicators. This includes specific checks to ensure that the volume of service commissioned is being delivered, for example, where 1 to 1 support is prescribed in an individual's support plan as well as whether care and support is being delivered to the required standards. Our preference is to work in partnership with providers to correct any shortcomings but we also use contractual levers as appropriate.

## **6 Housing Placements**

- 6.1 Pressures in Housing Services are driven by the level of demand in people presenting as homeless. Whilst cheaper alternatives to expensive bed and breakfast accommodation are always prioritised, the numbers of individuals and families presenting as homeless means capacity in lower cost services is not always available.
- 6.2 Numbers of families in temporary accommodation have increased 38% in this financial year following a 49% increase in numbers last year. Singles in temporary accommodation have increased by 20% in this year following a 22% increase last year. The total number of households living in temporary accommodation provided by CCC has risen from 739 on the 1 January 2023 to 1,126 on 11 December 2023. There were 25 families living in B&B accommodation on this date.
- 6.3 The longest stay for any family living in B&B during the last 12 months was 6 weeks and one day. As at the 20 December 2023 the longest family in B&B was 20 days.

As at the 21 December there are no families living in B&B. This fluctuating need is why we do not have block booking contracts with B&B providers.

- 6.4 There are multiple reasons why we have higher number of families in TA but the main one is availability of permanent housing stock to move people into. During 2022/23 the average wait for a larger family sized property that was let was – 16 months for a 3-bed, 4 years for a 4-bed and 11 years for a 5 bed. No properties of 6-bed or larger were let during 2022/23
- 6.5 The Private Rented Sector market has been very buoyant with the gap between market rents and Local Housing Allowance having increased significantly and therefore access for families on low incomes is limited. The longest duration of any single family in TA is 6 years and 9 months as this is a family that requires a 6-bedroom property.
- 6.6 The Council has taken steps to provide cheaper alternatives such as the purchase of properties which have been converted to temporary accommodation for both singles and families (with further purchases proposed), increasing staffing capacity to prevent homelessness, secured block contracts to maximise capacity and introduced a rent guarantee scheme based on local housing allowance rates.
- 6.7 Proposals in the Autumn Statement 2023 should contribute to a reduction in growth in demand, however following local housing allowance rates being frozen since 2020, the proposals only currently reset the rates for one year before being frozen again.

## **7 Special Educational Needs (SEN)**

- 7.1 The cost of provision for children and young people aged 0 to 25 with an Education Health and Care Plan (EHCP), is funded from the high needs block (HNB) grant allocation. Whilst many Councils now face a significant overspend in the HNB, with any overspend carried forward as part of a ring fenced reserve until March 2026 (with what happens after that date still not clear); Coventry is not yet in that position. Any Local Authority in a position of overspend, receives immediate support and intervention from the Department for Education (DfE) through the Delivering Better Value Programme. This programme includes an analysis of the HNB expenditure, examination of systems and processes to ensure appropriate threshold criteria is in place and scrutiny of placement decisions. Typically, a LA in this position would have experienced an increase in demand for EHCP, have exhausted local publicly funded specialist school placements and may be funding mainstream provision at a higher rate than other comparable LAs.
- 7.2 The DfE conducts a national analysis of SEN activity in January of each year. The SEN2 return is published information, that enables LAs to benchmark against regional, national and statistical neighbours. In January 2023, Coventry retained the lowest level of EHCPs as a % of the resident population, the highest % of children identified as requiring SEN support within school and a relatively low reliance on the independent sector for provision. This indicates that whilst there is a high level of need across Coventry schools, they are well supported through external services and deliver inclusive practice.
- 7.3 In the calendar year 2021, Coventry produced 292 new EHCP, rising to 327 in 2022 and 513+ in 2023. This is an indicative increase of 57% in a two-year period. As a consequence, Coventry is now funding over 3,000 EHCP and has an increased reliance on the independent sector to meet demand for special school placements. To mitigate the position, action is underway to expand the number of placements available within Coventry special schools. However, any expansion is unlikely to be realised before September 2025 so the position remains challenging.

## 8 SEN Home to School Travel Assistance

- 8.1 Entitlement to home to school travel assistance is laid down in policy. Coventry's policy reflects the statutory framework. The eligibility assessment is conducted by the SEN Statutory Assessment Team. If a child meets the criteria a personal budget may be offered, if this represents value for money to the Council. Otherwise the Council's travel bureau determine the most efficient mode of transport. The majority of children are accommodated on public transport or through the Council's in-house fleet. Journey's to schools outside of the City; the creation of additional capacity when the in-house fleet is fully exhausted and the requirement for a taxi are all procured by the travel bureau.
- 8.2 Market competition is very limited and journey costs have risen significantly over the last two years as a consequence of supply challenges, increased cost of running a vehicle and lack of competition. Consequently, the overall cost of provision including increased demand has led to a budget overspend.
- 8.3 Immediate and urgent action has been taken to review the spot commissioning of taxis, resulting in a decrease in expenditure. A full efficiency review which is part of future saving proposals will identify any further potential savings.

Appendix 1 – Breakdown of Placement Cost (details are contained in the private element of this Briefing Note)

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