



**Report for:** May Cabinet member signing

**Item number:** 7

**Title:** Approval to Commission Residential Children's Homes Placements via a Dynamic Purchasing System (DPS) for Children in Care

**Report authorised by:** Ann Graham, Director of Children's Services

**Lead Officer:** Caroline Brain- Assistant Director, Children and Young People Commissioning and Programmes

**Ward(s) affected:** All

**Report for Key Decision:** Key Decision

**1. Describe the issue under consideration.**

- 1.1. The report seeks authority to undertake a procurement exercise to commission Children's Residential Home Placements for children looked after via Dynamic Purchasing System (DPS) ensuring compliance with the Public Contracts Regulations 2015.
- 1.2. The Council has a statutory duty to ensure there is a range of local homes available, sufficient to meet the needs of the children in the care of the local authority.
- 1.3. The Council currently spot purchases children's residential home placements, setting up the Councils own DPS will support in budling a long-term arrangement with providers with a major focus on developing closer relationships with registered Children's Homes in Haringey.
- 1.4. In 2023/2024, £8.5 million was spent on registered children's homes placements for children looked after. This includes providers registered for residential family centres and secure accommodation. Compared to FY 2022/2023, this is a decrease of £370,000 due to the initiatives in place to step down children looked after from residential care with reunification back home or into foster care according to their needs.
- 1.5. In FY 2024/2025, £9 million was spent on children's homes placements. This includes providers registered for residential family centres and secure accommodation. As of Jan 2025, 26 children looked after were placed in children's residential homes.
- 1.6. The estimated spend up to 4 years term is £39.7m (annual costs of £9m) this figure includes an estimated annual inflation of 4%.
- 1.7. The new DPS will enable the Council to commission Children's Residential Home placements until such time as the Procurement Act 2023 (Commencement and Transitional and Savings Arrangement Regulations 2024) permits, currently not being less than 4 years.

- 1.8. The estimated annual expenditure on providers registered to care for children looked after with emotional and/or behavioural difficulties and learning disabilities is estimated at £6.9 million and will enable the Council to deliver its statutory duty and ensure good quality, homes which represent value for money.

## **2. Cabinet Member Introduction**

- 2.1. As a Corporate Parent the Council has a statutory duty to ensure sufficiency of accommodation for our most vulnerable children and young people. Commissioning Children's Homes will ensure the council is meeting its duties and that the route to the market will ensure the Council is compliant with Public Contract Regulations.
- 2.2. It is vitally important that our children and young people are supported to maintain relationships and local connections within the Haringey community and ensuring accommodation is within 20-mile radius of the Borough where possible is hugely welcomed. Building relationships with Children Homes registered in Haringey to ensure that the Council has first preference of any vacant beds considering any matching is a positive way forward.

## **3. Recommendations**

- 3.1. For the reasons set in the report and its appendices, Cabinet is recommended to approve:
  - 3.1.1. The estimated, spend of up to £39.7 million (annual costs of £9m) on children's residential placements over a period of up to 4 years which includes an estimated annual inflation of 4%.
  - 3.1.2. The commissioning of Children's Residential Homes for Children Looked After via the corporate DPS pursuant to Regulation 34 of the Public Contracts Regulations 2015.
  - 3.1.3. Where contracts valued at £500,000 or more that require approval by Cabinet as per Contract Standing Order (CSO) 9.07.1 d) or modified as per CSO 10.02.1 b) (variations and extensions to contracts of £500,000 or more; to delegate authority to the Director of Children Services in consultation with the Lead member for Children's, Schools and families to award, vary or extend any individual call offs or block contract arrangements under the DPS to successful providers up to £2 million per award or any individual variation and extension.

## **4. Reason for decision**

- 4.1. Approval to procure residential children's homes placements via the DPS which will ensure compliance with Public Contracts Regulations 2015. Haringey's Looked After Children's Sufficiency 2022- 2026, sets out actions to improve the availability, quality, and impact of placements as well as how best parents and carers, children and young people and whole families can have access to the support they need to prevent breakdowns in relationships, support important family attachments and enable children and young people to remain at home with consistent care, wherever possible.
- 4.2. In addition, the Children Acts 1989 and the Children and Young Person Act 2008 place a sufficiency duty on local authorities to secure accommodation for children in their care, stating "*the Local Authority must take steps to secure, as far as is*

*reasonably practicable, sufficient accommodation within the Authority's area boundaries which meets the needs of children that the local authority is looking after and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the local authority's area".*

- 4.3. Services will be commissioned through Haringey's DPS system and be aligned to the new procurement regulations, ensuring compliance and flexibility in developing the provider market.

## **5. Alternative options considered**

- 5.1. **Do nothing:** This option was discounted: This would mean continuing to spot purchasing without a framework which is not compliant with Procurement regulations.
- 5.2. **Do nothing:** The Council has a statutory duty under section 22G of the Children Act 1989 to take steps that secure sufficient accommodation within its area.
- 5.3. **Deliver in house:** The council already has its own registered Children's Home Residential since Nov 2022 which can accommodate up to 6 children in care. This would not meet the sufficiency requirements of children looked after.

## **6. Background information**

- 6.1. Section 17 of the Children Act 1989 places a general duty on every local authority to safeguard and promote the welfare of children in need within their area by providing services appropriate to those children's needs.
- 6.2. Haringey has a Children Looked After population of 313 (Jan 2025) with 26 children looked after placed with children's residential homes operated by external providers registered to care for Children Looked After with emotional and/or behavioural difficulties and Learning Disabilities.
- 6.3. 25 children looked after are placed with children's residential homes outside of Haringey with some placements as far as Shrewsbury
- 6.4. Although, there are nine privately registered Children's Homes in Haringey, it is very challenging to find homes for children looked after with the most complex needs. Currently we have one child looked after placed in private registered children's homes based in Haringey.
- 6.5. In 2023 the Department of Education launched several pathfinders to test new ways of working. The mechanism chosen to affect change for this market was the development of the Regional Care Collaboratives (RCC.) These RCC's would see Local Authorities working through a regional arrangement to enable greater buying power by working collaboratively to purchase goods and services collectively rather than individually.
- 6.6. With the pressure on social care budgets, the government has announced major reforms which includes new powers to Ofsted which will require key placement providers to share their finances with the government allowing profiteering to be challenged.
- 6.7. **Current arrangements**

- 6.7.1. The average weekly cost for children's residential placements has been increasing over the last few years. The average weekly cost per week in FY 2023/2024 was £4,100
- 6.7.2. Looking at the residential placements active as of Jan 2025, the average weekly cost was £5,809.
- 6.7.3. In FY 23/24, the 10 highest placements cost a total of £68,049 per week, which equates to full year cost of £1,347,179 million. This cost is associated with placements for children looked after placed in residential children's homes registered to care for children with emotional and/or behavioural difficulties or learning disabilities.
- 6.7.4. In 2024/2025, we did have children looked after placed in unregulated/unregistered arrangements which can cost circa £9k/£10k per week per child. We do not want children utilising these places, but the existing residential market does not currently match some children leaving us without an alternative.
- 6.7.5. It is estimated that the number of children looked placed in residential children's homes is forecasted to continue to decrease. The fall in the number of residential home placements over the last few years has led to a reduction in the overall yearly cost of these placements, despite the average weekly cost increasing.
- 6.7.6. Haringey operates our own short term 6 bedded registered children's home for children looked after aged 11 to 15 with emotional and/or behavioural difficulties and children with learning disabilities. Haringey like most Local Authorities is investing in internal provision to disrupt the market and provide care for who would otherwise be difficult to place.
- 6.7.7. With the significant demand on the Councils budget several initiatives are in place for children at the edge of care with the aim of reducing the need to bring care or supervision proceedings which might lead to children being placed in the Councils care. Also, projects that support children looked after to be stepped down, such as the Haringey Adolescent Resource Team project which since inception in 2022 has stepped down 25 children and young people from residential placements to family fostering or reunification. This has achieved a cost savings of approximately £3.2 million to date.
- 6.7.8. The Local Government Association (LGA) analysis of residential costs has seen a sharp increase in costs over the last 5 years, which has been highlighted in this report. Please see link, [Children's social care placements costing £10,000-plus rise sharply in five years – new LGA analysis | Local Government Association](#)
- 6.8. **Consultation and Engagement planned**
- 6.8.1. Haringey have held market engagement events and forums with providers to gather their views on joining Haringey DPS and on Haringey Quality Assurance Framework which will be basis used to inform delivery of service, any challenges and improvements needed. Haringey plans to continue with quarterly forums with providers which will provide an opportunity to discuss any challenges and new developments.
- 6.8.2. Care experienced children and young people have been engaged with and further engagement events will be planned during the contract period. Some of the key findings from engaging with care experienced children and young indicated that it

was important for most young people to be placed close to family, friends, and local links. Young people voiced that support to prepare for adulthood was also important to them.

## **6.9. Commissioning of Residential Children's Homes**

6.9.1. In accordance with Haringey's requirements for Children Residential Homes we will be working in collaboration with current homes based in Haringey to develop a Haringey first offer for any vacant beds and with planning to ensure any new planning applications approved is based on the understanding that vacant beds are offered to Haringey before offering to other Local Authorities.

6.9.2. The Children's Residential Home requirement has been separated into the following categories:

- **Lot 1a:** Children's homes and services children or young people who have a combination of behaviours.
- **Lot 1b:** Solo Children's homes and services for children or young people who have a combination of complex behaviours that require separation from other children and young people and need an enhanced level of care to meet their complex needs.

## **6.10. Contract management**

6.10.1. Contract management will be incorporated alongside key performance indicators and quality assurance visits as a method of measurement are integrated within the requirement and will be monitored through contract monitoring meetings and reports. The contract meetings will be held every quarter, and the purpose of the contract meetings will be to examine the service delivery and meeting the outcomes. Individual placements will be reviewed at the statutory reviews for children looked after which is essential to ensure their well-being and progress. These reviews are guided by the Children Act 1989.

## **7. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes**

7.1. The commissioning of Children's Residential Homes aligns with the priorities within Haringey's Corporate Delivery Plan 2024-2026' specifically:

Theme 3: Children and young people

- Outcome 1: Best Start in Life
- Outcome 2 Happy Childhoods
- Outcome 3 Successful Futures

## **8. Carbon and Climate Change**

8.1. The Council has set the date for a zero-carbon deadline of 2027, including core council operational buildings and all transport-related activities undertaken by the Council in the delivery of core services.

8.2. Practises will be adopted where possible to reduce climate impacts within Children's Residential Homes. This includes encouraging staff and children and young people to use sustainable transport methods, utilising energy saving measures in homes and waste reduction measures.

**9. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)**

**9.1. Finance**

9.1.1. The report seeks authority to undertake a procurement exercise to commission Children's Residential Homes for children looked after via Dynamic Purchasing System (DPS) ensuring compliance with Public Contracts Regulations 2015.

9.1.2. The contract will be for 4 years with an estimated cost of £39.7m (annual costs of £9m) this figure includes an estimated annual inflation of 4%.

9.1.3. The cost of this contract will be fully funded and met from the approved general fund budgets allocated to cost centre S36400.

**9.2. Strategic Procurement**

9.2.1. Strategic Procurement notes the contents of this report and have been consulted in the preparation of this report and will be leading on the procurement process for setting up DPS for Children's Residential Home Placements.

9.2.2. The report relates to services which are subject to the Light Touch Regime under the Public Contracts Regulations 2015 (PCR). As such they are required to be advertised and comply with the procedures laid out in the PCR's.

9.2.3. Strategic Procurement confirm Cabinet approved the establishment of the DPS's referenced in this report in November 2024. These will be established in accordance with the Regulation 34 of the PCR 2015 and Contract Standing Orders 9.04.

9.2.4. The DPS for commissioning Children's Residential Home placements is considered the most suitable and efficient route to market, offering the Council the potential to rapidly access new service providers much sooner than traditional procurement approaches. Furthermore, the DPS allows suppliers to join at any time, ensuring it remains open to new businesses throughout its duration. This approach increases competition, choice, and innovation.

9.2.5. Strategic Procurement confirms there are no procurement related matters preventing Cabinet approving the Recommendations stated in in paragraph 3 above

**9.3. Legal**

9.3.1. The Assistant Director for Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report.

9.3.2. Regulation 34 of the Public Contracts Regulations 2015 (PCR2015) permits the Council to procure certain services by way of a dynamic purchasing system (DPS). Usually, a DPS is subject to the full procurement rules, however the services being procured in this report are categorised as Schedule 3 services under the PCR 2015, which falls under the Light Touch Regime ("LTR") processes, allowing significant flexibility as to how the DPS can be set up. The proposal to set up a DPS is a compliant route to procure the services in the report.

- 9.3.3. Pursuant to the Council's Contract Standing Order (CSO) 9.07.1(d) Cabinet has power to approve the award of a contract where the value of the contract is £500,000 or more.
- 9.3.4. Further to paragraph 9.3.3 above, the report recommendation in paragraph 3 to delegate authority to the Director of Children Services in consultation with the Lead member for Children's, Schools and families to award, vary or extend any individual call offs or block contract arrangements under the DPS to be established to successful providers up to £2million per award or any individual variation and extension is in line with law. Cabinet has power under the Local Government Act 2000 to delegate the discharge of any of its functions to an officer (S.9E (Discharge of Functions)).
- 9.3.5. The Assistant Director for Legal and Governance (Monitoring Officer) sees no legal reasons preventing the approval of the recommendations in the report.

#### 9.4. **Equalities**

- 9.4.1. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act,
  - Advance equality of opportunity between people who share protected characteristics and people who do not,
  - Foster good relations between people who share those characteristics and people do not.
- 9.4.2. The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. The first part of the duty applies to marriage and civil partnership status only. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 9.4.3. The decision outlined in this report is to authorise a procurement exercise to commission Children's Residential Home Placements for children looked after via Dynamic Purchasing System (DPS), ensuring compliance with the Public Contracts Regulations 2015.
- 9.4.4. This decision is anticipated to have a positive impact on children in care as the aim will be for a Haringey first offer for vacant beds with registered residential children's homes based in the borough. Where this meets their needs, this will support children in care to live in the Borough and maintain relationships with family and friends where appropriate.
- 9.4.5. Service data indicates that Black, Black African and Black Caribbean backgrounds are overrepresented in the CiC population and are the highest ethnicity placed in residential homes compared to other ethnic groups. Additionally, there are 29 CiC placed in residential homes of which 14 CiC had child disability/illness recorded as primary need. The data illustrates that a high number (48%) of CiC with a primary need of child disability/illness are placed in residential homes. This suggests that children with disabilities or illnesses might face unique challenges that make residential care a more common placement for them. These challenges could include specialized care needs which might not be available in other homes and



challenges in finding suitable other arrangements such as fostering leading to a higher reliance on residential care

- 9.4.6. Section 149 requires public authorities to remove or minimise disadvantages affecting any particular equality group. This means that giving due regard to Equality will require the procurement process, tender specification, and award of the tender to consider the needs of children looked after where appropriate, commission specialist services or require main providers to respond to the specific support needs of children in care. In the event that children looked after require specialist accommodation and support services these would be commissioned on a case-by-case basis.
- 9.4.7. The proposed commissioning of this service is not considered to have a negative impact on any group with a protected characteristic.
- 9.4.8. An Equality Impact Assessment has been completed for the proposed, procurement of Residential Childrens Homes and is included as Appendix One to this report.

## **10. Use of Appendices:**

- 10.1.1. Appendix One: Equalities Impact Assessment