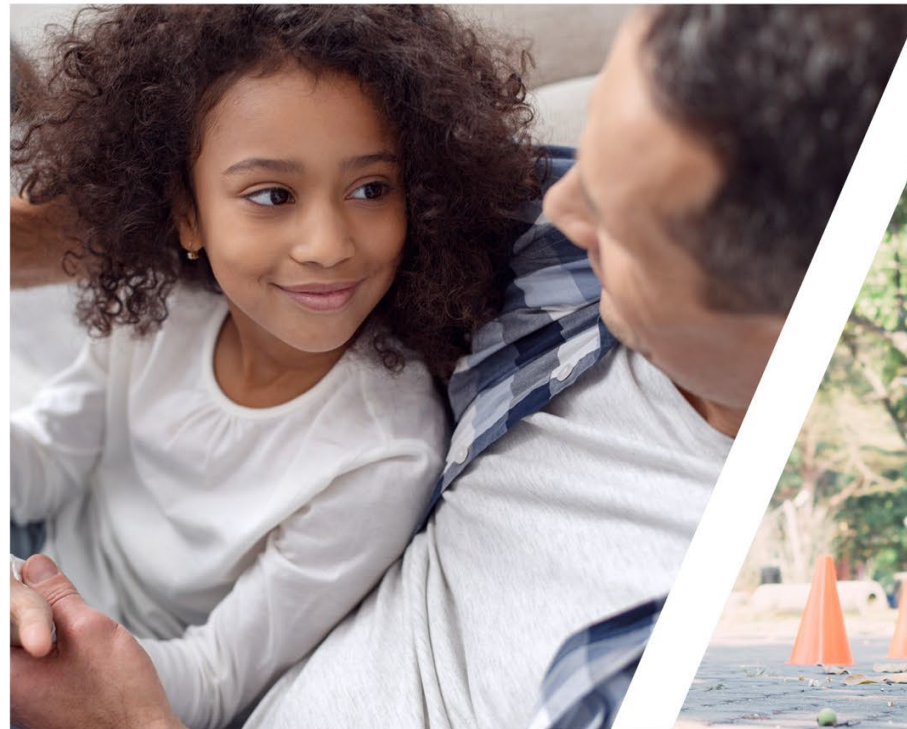


Children's Commissioning

Provider Fee Change Strategy



Effective from April 2024



Overview

This strategy sets out the approach to the management of provider fee changes (uplifts) with our commissioned providers for Children.

The strategy is delivered by reviewing core principles every year to ensure a fair and transparent decision making process is adopted to the way we uplift our providers.

Depending on the market conditions, contractual arrangements and service demand and quality, the Local Authority may apply one or more of the following approaches to fee uplifts each year:

Blanket discretionary uplifts

- Applied at the discretion of the Local Authority in line with contractual arrangements where there are no clauses to negotiate
- Applied as a percentage or fixed price uplift to providers within a market segment
- Determined, where applicable, annually through market research and engagement of market sectors
- Adopted where there is a recognised need to invest in a market sector for sustainability, development or to meet demand.

Negotiated discretionary uplifts

- Applied at the discretion of the Local Authority based on intelligence and market feedback
- Are awarded following a process of negotiation with each relevant provider and agreed at Fee Change Panel.

Contractual Uplifts

- Built into contractual terms and conditions through a tender process and the Local Authority has an obligation to award inflationary uplifts in line the with the conditions set.



Nil Uplifts

- Apply where there is a buoyant market with healthy profit margins, where a service has received, or has recently been through a tender process.

Strategic Objectives

We aim to achieve the following strategic objectives in our service delivery with providers:

- We want our providers to deliver services in a sustainable market place, that provides value for money, in the long-term.
- We want to build and develop long term, sustainable, quality provision that is local to Cambridgeshire based SMEs, in a collaborative way to meet the needs of children, in a budget that gives consideration to sufficiency.
- We want to encourage suppliers to contract with us through compliance. We want to develop long term contractual relationships through our Dynamic Purchasing System, Frameworks and block contracts, moving away from short term to long term arrangements.



Strategic Approach

The approach to applying fee uplifts is determined through an analysis of the following core principles every year:

1. Demand and Market Shaping Analysis

We will analyse the provider market to determine how to uplift provider fees in a consistent and sustainable way. We will consider the current and future service needs and ensure we follow a transparent and fair process in line with contractual obligations.

This means that the uplift approach may change every year and vary across the market segments depending on factors such as demand, growth, local influence and complexity of need. We intend on publishing a statement of our uplift approach each year.

Children's placements can be more challenging than adult placements, as they are more prone to disruption and may require urgent intervention due to previous placement failure. An awareness that these circumstances lend to unsustainable market shaping by enabling providers to more easily increase prices through charging for supplementary services outside of our Dynamic Purchasing System (DPS) arrangements and through spot contracts, will be reviewed annually.

2. Collaboration with Providers

The Local Authority recognises that there may be justifiable reasons why a provider is unable to keep their fees at an agreed rate. Working closely and building relationships with our commissioned providers will help us understand the demand, pressures and opportunities.



Ongoing engagement with providers will be reflected upon annually to ensure a sustainable approach is adopted when applying provider uplifts each year. This will be achieved through ongoing contract oversight, and through formal mechanisms such as at our provider engagement events.

3. Budget and Inflationary Considerations

Considerations each year will reflect upon the following:

- Council approach to allocating a budget for provider uplifts that year, factoring in any savings that may be linked to reducing or increasing uplifts for the different market segments.
- Ensuring controls are in place to manage expenditure and are reflected within the guidance that informs decisions at Fee Change Panel.
- Recognition of the SEND Safety Valve Programme will be considered every year. Due to the continuing increase in the number of children and young people with an Education Health Care Plan (EHCP), and the complexity of need of these young people, the overall spend on the High Needs Block element of the DSG funded budgets has continued to rise.

4. Children's Cross Regional Arrangements Group (CCRAG)

Cambridgeshire County Council is in the Children's Cross-Regional Arrangements Group (CCRAG), a partnership of Local Authorities to improve the outcomes for children and young people living away from home, through a collaborative approach to both the sourcing and monitoring of placements.

CCRAG supports a co-ordinated, efficient, and transparent approach to the consultation between Local Authorities and Providers when increases in fees are proposed.

Our approach to fee increases will be in conjunction with CCRAG policies and processes, however, the Council reserves the right to individually negotiate with providers outside of CCRAG recommendations.



Contractual Arrangements with Providers

Provider uplifts are managed through a range of contractual arrangements. The arrangement often dictates the approach that can be applied.

The table below summaries the uplift approaches for each arrangement.

Arrangement	Contractual terms and conditions	Approach permitted
Children's External Placements (CEP) Dynamic Purchasing System (DPS)	All providers on the CEP DPS are able to request a fee review annually	At the discretion of the Local Authority: <ul style="list-style-type: none"> • Blanket discretionary uplifts • Negotiated discretionary uplifts
Post 16 Framework PDPS	All providers are able to request a fee review annually – same terms as the CEP DPS	At the discretion of the Local Authority: <ul style="list-style-type: none"> • Blanket discretionary uplifts • Negotiated discretionary uplifts
Home and Community Support PDPS	All providers can request one uplift per annum	At the discretion of the Local Authority: Blanket discretionary uplifts Negotiated discretionary uplifts



Activities Framework	The contractual arrangements determine if providers are eligible for fee changes/uplifts during contractual period	No contractual obligation to uplift
Spot contracts	The contractual arrangements determine if providers are eligible for fee changes/uplifts during contractual period	Spot purchase contracts use the CEP DPS terms and conditions.

For the providers eligible to request uplifts, fee requests are approved or rejected by the Fee Change Panel which meets twice a year in July and February.