From:	Diane Morton, Cabinet Member for Adult Social Care and Public Health Sarah Hammond, Corporate Director, Adult Social Care and Health
To:	Adult Social Care and Public Health Cabinet Committee – 21 January 2026
Subject:	**Learning Disability, Physical Disability and Mental Health Needs Residential Care Contract**
Decision number:	**25/00117**
Key decision:	Yes – it involves expenditure of mote than £1m and affects more than two electoral divisions
Classification:	Unrestricted
Past Pathway of report:	N/A
Future Pathway of report:	Cabinet Member decision
Electoral Division:	All

Is the decision eligible for call-in? Yes

Summary The Learning Disability, Physical Disability and Mental Health Needs Residential Care Contract commenced in June 2020, for an initial period of four years, with two x two-year options to extend. In February 2024 the first of the two year extensions was utilised (Decision Number 24/00004) to extend the contract to 14 June 2026.

This decision seeks extend the current contract for a further two yeas, using the permissible contract extensions. The extension will maintain service continuity for people with learning disabilities, physical disabilities and mental health needs while the Council undertakes recommissioning to implement a more integrated and sustainable model of care. This approach avoids disruption, supports value for money, and provides flexibility during the transition.

Recommendation(s): The Adult Social Care and Public Health Cabinet Committee is asked to **CONSIDER** and **ENDORSE** or make **RECOMMENDATIONS** to the Cabinet Member for Adult Social Care and Public Health in relation to the proposed decision as detailed in the attached Proposed Record of Decision document. (Appendix A).

Introduction

1.1 Work is underway to commission a Supported Accommodation and Residential Living Service which encompasses both residential and supported living options for people with learning disabilities, physical disabilities and mental health needs, to allow a flexible transitional pathway to support people to maximise their independence.

1.2 The current Learning Disability, Physical Disability and Mental Health Needs (LDPDMH) Residential Care Contract commenced in June 2020, for an initial period of four years, with two x two-year extension options. In February 2024 the first of the two year extensions was utilised (Decision Number 24/00004) to extend the contract to 14 June 2026.

1.3 The current Supported Living Contract is due to end on 14 June 2026 and in order to align the recommissioning activity and support development of the new Supported Accommodation and Residential Living Service, this decision seeks to extend the LDPDMH Residential Care Contract for a further two years from 15 June 2026 to 14 June 2028, using the permissible contract extensions. The extension will maintain service continuity for people with learning disabilities, physical disabilities and mental health needs while the Council undertakes recommissioning to implement a more integrated and sustainable model of care. This approach avoids disruption, supports value for money, and provides flexibility during the transition

1.4 The new Supported Accommodation and Residential Living Service Contract is expected to commence by June 2027. On this basis, it is anticipated that only one year of the proposed two year extension for the LDPDMH Residential Care Contract will be required.

1.5 However, approval of a two-year extension provides the necessary assurance and flexibility, ensuring continuity of care in the event of any delays to the implementation of the new contract. This approach mitigates the risk of service disruption and avoids the need for a further key decision, while supporting a stable and well-managed transition to the new Supported Accommodation and Residential Living model.

2. Background

2.1 The Care Act 2014 gave local authorities in England, the NHS and the Care Quality Commission (CQC) clear legal responsibilities for managing different elements of the adult social care market that include considering need, provider sustainability, value for money and integration.

2.2 *Reforming Kent 2025-2028* identifies Supporting Residents that Need Help as one of its key priorities by recognising the importance of health and social care integration, building effective strategic partnerships with our providers through coproduction whilst being innovative in the way we look to redesign services, to improve quality and importantly respond to budget constraints.

2.3 A robust commissioning exercise for the Supported Accommodation and Residential Living Service has commenced and will include extensive engagement with people who use care and support services to inform and develop a new specification which ensures high quality and cost effective services in the future.

2.4 The initial costs for the LDPDMH Residential Care Contract are set out below along with the current costs. The reduction in residential spend correlates with the increase in supported living services. This is in line with the Council's vision to ensure people's independence is maximised through the least restrictive support options.

Contract	Initial contract cost advertised (per annum)	2025 - 2026 Spend
Residential Care Home Services (Learning Disability, Physical Disability & Mental Health) Framework SC19 012 Mosaic and Controcc	£108m (Source: Award Report 18 01 2022)	£85,949,076.20
Non Framework Placements - Mosaic		£22,584,443.98
Non Framework Placements – Controcc (18-25 year olds)		£1,374,510.80
Total spend		£109,908,030.98

2.5 There are currently 894 people placed in a residential care home settings through this contract, and a further 356 people placed in residential care homes on individual contracts both in Kent and out of county.

2.6 External and internal pressures have significantly changed from when the contracts were initiated in 2019.

2.7 Pressures include:

- The demand for care and support for people with a greater level of complexity of need.
- Inflationary pressures and financial sustainability issues.
- Increased placement costs seen across Kent and nationally.
- Workforce pressures and the recruitment and retention of high quality staff
- Quality issues resulting in poor CQC rating and contract suspensions.

3. Options considered and dismissed, and associated risk

3.1 The Council can choose not to extend the current contract. However, there are significant risks to choosing this option which have been identified and set out below

- The contract would need to be recommissioned on a like for like basis with no changes to the delivery model. There will be no opportunity to include residential care homes within the new contractual framework if the additional two year extension is not utilised.

- A lack of robust fee setting mechanisms and contractual leverage may result in a significant increase in placement costs, which will be challenging to control. Savings targets set out by the Council and to be met through greater partnership working and negotiation will be difficult to achieve through spot purchasing agreements, and providers will be within their right to give notice on individual placements that may be hard to source at an affordable price.

- Reputational: A shift to partnership working with providers will be challenged as the expectation is that the contractual arrangements with the authority will be maintained due to the mutual benefits to both parties. People using this service expect a robust oversight of the contract and the perception will be that this is not the case if the service is not part of a Kent County Council (KCC) contractual framework.

- Resource Implications: If the contract ends there will be a requirement for the review, renegotiation and repurchasing of all individual placements with new contract and terms and conditions established. This will also require significant system and process updates.

4. Financial Implications

4.1 The annual cost of the contract is £86,505,815 per annum and for the proposed two year extension the cost will be £173,011,630.

4.2 All placements are funded from the adult social care budget.

4.1 Cost analysis needs to be undertaken to overcome the challenges of determining the full cost of the contract i.e., breakdown of placement costs, budget contributions and system errors. Adequate finance advice and resource is required to ensure a collaborative approach to determine a robust fee model and pricing guide with the identification of any financial risk.

4.2 A new model for commissioning residential placements will be developed. This will inform the maximisation of support delivery from shared hours within the residential home, reducing the need to commission personalised one to one hours. This will support a sustainable model for both the provider and the Council. The extension will allow this activity to be completed.

4.3 These are demand driven services and due to increases in complexity, demand and inflation, requests for higher rates have increased. It is recognised that during the contract extension period, mitigations will be put in place to help halt the increased spend to the service through the development of a robust savings action plan. This will require a collaborative approach across KCC and NHS Kent and Medway Integrated Care (ICB) colleagues and proactively engaging with providers to determine fair costs for both legacy and new placements.

5. Legal implications

5.1 The Council commissions services from the independent sector to meet the needs of individuals deemed to be eligible in accordance with and following a Care Act assessment. If the contract ends the Council will be pressured to fully meet its statutory obligation under the Care Act with regards to providing a high quality, safe service at an affordable price.

5.2 The additional extension is available to be utilised within this contract. The additional extensions were included in the Contract / PIN Notice advertising the original procurement of these services, and therefore the extensions are permissible and are compliant under the PCR 2015 regulations.

5.3 The Council is required to adhere to the Procurement Act 2023 with the requirement to use framework contracts, limiting the use of individual spot contracts.

5.4 A clause will be written into the LDPDMH Residential Care Contract extension to allow the Council to terminate the contract when appropriate and to fit in with the mobilisation of the new Supported Accommodation and Residential Living Service Contract.

6. Equalities implications

6.1 An Equality Impact Assessment (EQIA) was completed as part of the original tender exercise. The EQIA (attached as Appendix 1) has been reviewed and is still relevant as no changes to the contract are being made during the further extension period.

7. Data Protection Implications

7.1 A Data Protection Impact Assessment (DPIA) was completed at the time of tender and there are no new data protection implications to be considered.

8. Governance

8.1 The Corporate Director, Adult Social and Health will inherit delegated authority to take relevant actions to finalise the required contractual and legal agreements necessary to implement the decision.

9. Conclusions

9.1 Work is underway to commission a Supported and Residential Living Service which encompasses both residential and supported living options for people with learning disabilities, physical disabilities and mental health needs, to allow a flexible transitional pathway to support people to maximise their independence.

9.2 The current Learning Disability, Physical Disability and Mental Health (LDPDMH) Residential Care Contract commenced in June 2020, for an initial

period of four years, with two x two-year extension options. In February 2024 the first of the two year extensions was utilised (Decision Number 24/00004) to extend the contract to 14 June 2026.

9.3 The current Supported Living Contract is due to end on 14 June 2026 and in order to align the recommissioning activity and support development of the new Supported Accommodation and Residential Living Service, this decision seeks to extend the LDPDMH Residential Care Contract for a further two years from 15 June 2026 to 14 June 2028, using the permissible contract extensions. The extension will maintain service continuity for people with learning disabilities, physical disabilities and mental health needs while the Council undertakes recommissioning to implement a more integrated and sustainable model of care. This approach avoids disruption, supports value for money, and provides flexibility during the transition.

9.4 The Council can choose not to extend the current contract. However, there are significant risks to choosing this option which have been identified and detailed in Section 3 of this report.

9.5 it is anticipated that only one year of the proposed two year extension for the LDPDMH Residential Care Contract will be required. However, approval of a two-year extension provides the necessary assurance and flexibility, ensuring continuity of care in the event of any delays to the implementation of the new contract. This approach mitigates the risk of service disruption and avoids the need for a further key decision, while supporting a stable and well-managed transition to the new Supported Accommodation and Residential Living Service model.

9.6 A clause will be written into the LDPDMH Residential Care Contract extension to allow the Council to terminate the contract when appropriate and to fit in with the mobilisation of the new Supported Accommodation and Residential Living Service Contract.

10. Recommendations

Recommendation(s): The Adult Social Care and Public Health Cabinet Committee is asked to **CONSIDER** and **ENDORSE** or make **RECOMMENDATIONS** to the Cabinet Member for Adult Social Care and Public Health in relation to the proposed decision as detailed in the attached Proposed Record of Decision document. (Appendix A).

11. Background Documents

24/00004 - Learning Disability, Physical Disability and Mental Health Residential Care Home Services - Contract Extension
https://democracy.kent.gov.uk:9071/ieDecisionDetails.aspx?ID=2821

12. Appendices

Appendix 1 – Equality Impact Assessment

13. Contact Details

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