

KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:

Diane Morton, Cabinet Member for Adult Social Care and Public Health

DECISION NUMBER:

25/00117

Executive Decision – key

25/00117 – Learning Disability, Physical Disability and Mental Health Needs Residential Care Contract

Decision: As Cabinet Member for Adult Social Care and Public Health, I propose to:

- a) **EXTEND** the Learning Disability, Physical Disability and Mental Health Needs Residential Care Contract for a period of two years from 15 June 2026 to 14 June 2026; and
- b) **DELEGATE** authority to the Corporate Director, Adult Social Care and Health to take other relevant actions, including but not limited to finalising the terms of and entering into required contracts or other legal agreements, as necessary to implement the decision

Reasons for decision: The 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 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 years, 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.

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 model of care. 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.

Financial implications: 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.

All placements are funded from the adult social care budget.

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.

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.

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.

Legal implications: 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.

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.

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.

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.

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

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

Cabinet Committee recommendations and other consultation: The proposed decision will be considered at the Adult Social Care and Public Health Cabinet Committee on 21 January 2026 and the outcome included in the decision paperwork which the Cabinet Member will be asked to sign.

Any alternatives considered and rejected:

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

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

.....

.....

Signed

Date