

Appendix A

Financial Data/Pricing Matrix Briefing

Local Authorities are struggling to gain control over spend for this market. With this in mind, we have developed an innovative pricing model that aims to gain greater control over costs, quality and help further shape the local market, which is not achievable through the level of spot purchasing that currently takes place. Furthermore it is envisaged that by introducing a banding system this will bring stability to costs in the market.

Financial data from the previous two financial years has been analysed and informed the proposed pricing matrix. Data has evidenced that the cost of placements can vary significantly. Placements called off from the semi-independent framework were subject to a capped rate of £750 per week, however the cost of placements made via SPOT arrangements can vary from £650 to £2,653 per week.

Chart 1. Demonstrates the variability of weekly placement costs across 16 + additional, therapeutic and standard placement types. The majority of these placements are made via spot purchases.

Semi-independent and Standalone placements commissioned in 2018/19 – 2019-20

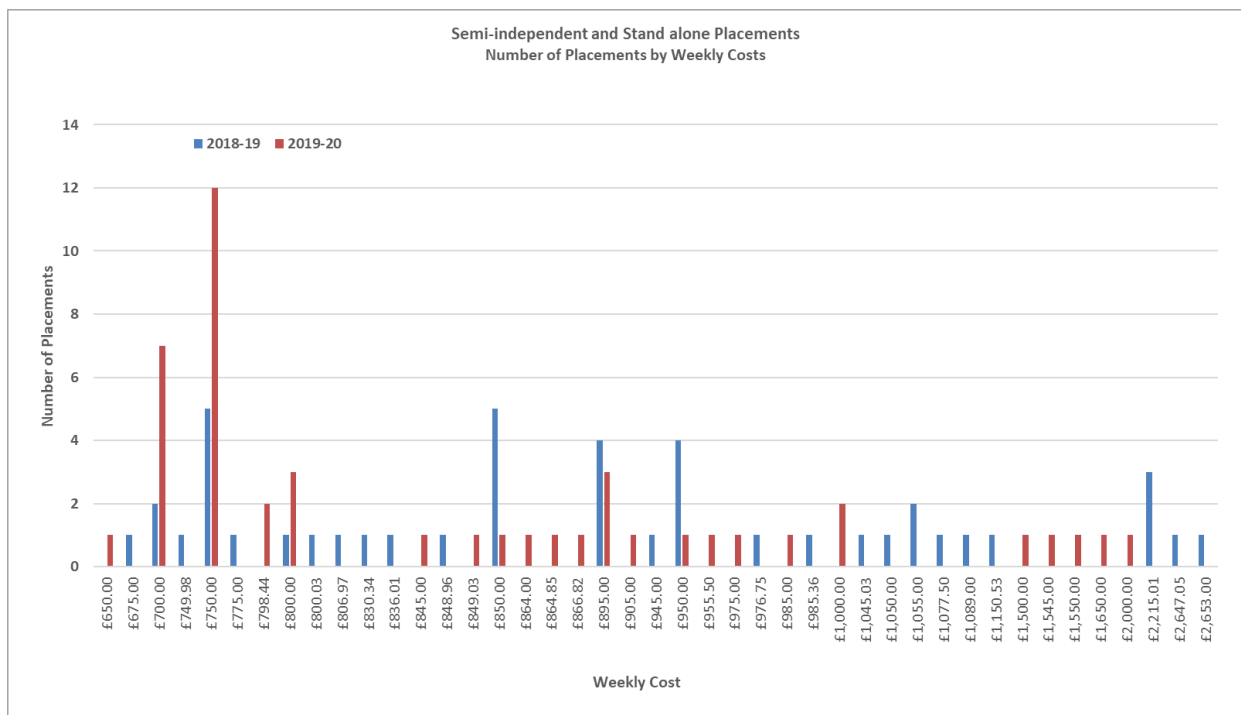


Chart 1.

In order to establish a banding model an exercise was completed to identify all the placements into categories, which resulted in 14 placement types.

An average weekly cost for each placement type was calculated. (Please see **table 1** and **chart 2**.) *The average weekly costs are based on the initial placement the young person was placed in.*

Weekly average cost of placements per category (2018/19 – 19/20)

Category	Average Weekly Cost
16+ additional	£1,147.91
16+ standard	£810.92
16+ therapeutic	£2,113.76
18+ additional	£936.31
18+ standard	£802.54
18+ therapeutic	£2,215.00
Centre point - Park End	£736.71
CenterPoint - Widecombe	£591.14
HMO - Parent & Child	£196.00
Parent & Child - observation community unit	£1,800.00
Stand-alone - additional floating support	£487.95
Stand-alone - basic floating support	£466.00
Stand-alone - Parent & Child	£443.71
Stand-alone - therapeutic	£436.32
Weekly Average total	£488.75

Table.1

Weekly average cost of placements across budgets

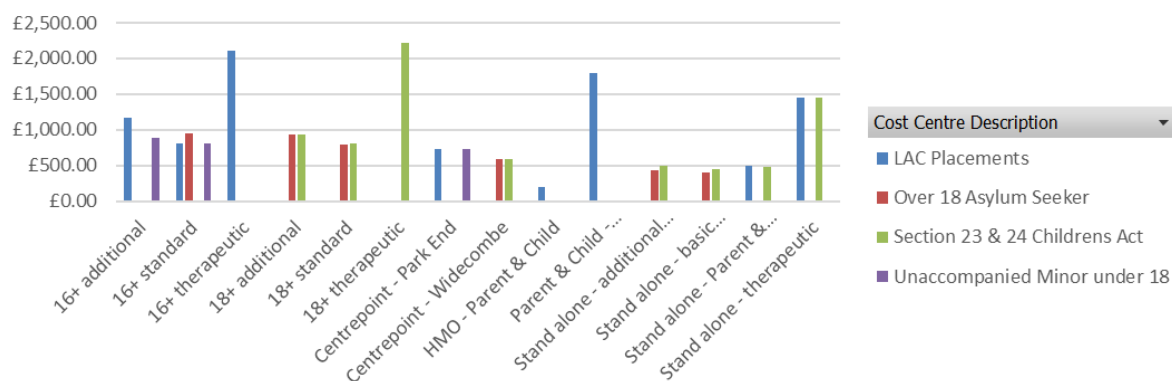


Chart 2.

The weekly averages have been set as a benchmark and tolerances have been established to create a 'pricing band'. It is envisaged this model will provide flexibility within a controlled environment to the market as it will allow for movement between the band and not restricting providers to a capped rate.

The tolerances range from 10% above average rates – to 35% below average rates as outlined below. It is important to note, that the lowest price point has been outlined based on data analysed, we would not receive bids below this price point because below this level it would be questionable as to whether the service could be provided to sufficient levels of quality.

A tolerance of over 10% has also been permitted, it is recognised that there will be circumstances where individual needs may require additional funding and this is being accounted for, however evidence will be required to support this.

As this is a new model, we have allowed for the tolerance levels to be adjusted accordingly to ensure the needs of the market are being met and businesses are sustained. A review of the tolerances will take place at the end of each quarter for the initial financial year.

Furthermore a savings tracker will be developed based on the current placements costs, which will be used as the baseline against placements made under the proposed pricing matrix.

Weekly average placement costs with tolerances applied to current categories

Pricing Structure - Banding Matrix – Current Placement Type				
Tolerance level	35%	20%	0%	10%
Category				
16+ additional	£746.14	£918.33	£1,147.91	£1,262.70
16+ standard	£527.10	£648.74	£810.92	£892.01
16+ therapeutic	£1,373.94	£1,691.01	£2,113.76	£2,325.14
18+ additional	£608.60	£749.04	£936.31	£1,029.94
18+ standard	£521.65	£642.03	£802.54	£882.80
18+ therapeutic	£1,439.75	£1,772.00	£2,215.00	£2,436.50
CenterPoint - Park End	£478.86	£589.37	£736.71	£810.38
CenterPoint - Widcombe	£384.24	£472.91	£591.14	£650.25
HMO - Parent & Child	£127.40	£156.80	£196.00	£215.60
Parent & Child - observation community unit	£1,170.00	£1,440.00	£1,800.00	£1,980.00
Stand-alone - additional floating support	£317.17	£390.36	£487.95	£536.75
Stand-alone - basic floating support	£302.90	£372.80	£466.00	£512.60
Stand-alone - Parent & Child	£288.41	£354.96	£443.71	£488.08
Stand-alone - therapeutic	£283.61	£349.05	£436.32	£479.95

Table 2.

Although we have analysed data and broken it down into 14 placement types for costing purposes we propose that we condense this to 6 categories. The reasons for this include:

- To have 14 categories would be complicated in terms of providers bidding and in putting out placements from the local authority
- We are able to bring together some of these categories into a reasonable spread of cost without losing our ability to define the placement clearly

The proposed pricing matrix is outlined below, as explained above the categories have been condensed from 14 categories to 6. Once the system is in place we will be able to collect intelligence about market trends and inform ongoing development of the DPS.

Proposed Pricing Matrix for Semi-independent and Supported Housing DPS.

Category	Age	Support Level	Support Hours*	Pricing Matrix
Semi- Independent Accommodation - Minimal Support	16-18+	24 Hour Sleep-in	Person Centred	£530 - £900
Semi- Independent Accommodation - Therapeutic/additional support	16-18+	24 Hour Sleep-in	Person Centred	£1300 - £2400
Shared House - Welfare Check	18+	Welfare Check	Person Centred	Personalised
Stand-alone Accommodation - Floating Support	18+	Floating Support	Person Centred	£300- £500
Stand-alone Accommodation - Therapeutic/additional support	18+	Floating Support	Person Centred	£300 -£500
HMO - Welfare Check	18+	Welfare Check	Person Centred	Personalised

Table 3.

Whilst analysing the data, it was noted that the support hours were included in the weekly costs. As a minimum providers would request 5-10 hours per young person, in some cases this was required, however in cases where young people attend further education it has been reported there was no requirement for the number of support hours.

Many providers failed to provide evidence of activities carried out during the additional support hours. Therefore the new pricing matrix will require social workers and providers to assess the needs of the young person and a minimum requirement will be removed. The support hours will be person centred. In addition to this, the support hours will need to be provided within the banding.

Process

Please note, as the DPS develops this process may also change.

1. Placement request uploaded to ATLAS in the appropriate category
2. Providers respond with their initial responses and approximate weekly cost
3. If cost is below the tolerance, provider will be notified and rejected
4. If cost is within the banding, provider will proceed to next step
5. Social workers view the providers and select most appropriate
6. X provider sent full referral form
7. Provider returns final costing
8. Social worker and YP to visit premises (where possible)
9. Individual Placement Agreements generated
10. Placement commences