

# Central Bedfordshire Council

Overview & Scrutiny

12<sup>th</sup> March 2019

## OPTIONS APPRAISAL FOR PLACEMENTS COMMISSIONING ALIGNED TO THE VALUING CARE PROJECT

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### Purpose of this report

This report details options for the commissioning and/or service development of out of home accommodation placements for Looked after Children. These options are presented for discussion and feedback by OSC to inform the direction of a public consultation.

### RECOMMENDATIONS

The Committee is asked to:

- 1. Consider the information in this report and the attached appendices**
- 2. Endorse the recommended options for future commissioning/service development**
- 3. Provide feedback and comments to shape the direction of travel and inform a public consultation**

### Issues

1. The purpose of this paper is to set out the case for service development and commissioning of accommodation provision for Looked after Children, and to propose phased priorities for this work based on current and forecast needs, risks and issues. It will lead into an options appraisal for placements commissioning and inform a provider-facing Market Position Statement which will set out our placement commissioning intentions over the next five years.

## The Sufficiency Duty

2. Section 22G of the Children Act 1989 requires local authorities to take steps to secure, so far as reasonably practicable, sufficient accommodation within the authority's area 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 ('the sufficiency duty').

Since 2010, local authorities have had an obligation to include plans for meeting the sufficiency duty in their relevant commissioning strategies.

3. This paper will outline commissioning and service development options with a view to achieving sufficiency against provision types that are within the Council's gift to influence: foster care (in-house and external), residential care (in-house and external), 16+ semi-independent/supported accommodation and ad-hoc placements such as PACE and parent & child placement.<sup>1</sup>

## Drivers for change

4. Nationally, a 'crisis' in care has been identified arising from increasing numbers of applications for care numbers and already-high numbers of children in care. At the same time, Councils are facing pressure to make efficiencies on care placement costs, and there is pressure from the market due to a national shortage of foster carers and increasing unit costs of placements. Both the independent fostering and residential sectors have recently noted the impact that Councils' need to manage or reduce placement costs is having on sufficiency, but stress that growth of supply cannot occur without an increase in providers' current profitability – we cannot continue to work as we have done.
5. Locally, the Council has pledged to our Looked after Children to provide them with homes where they feel "safe, settled and happy,"<sup>2</sup> and while our placement stability outcomes are good, there is no overarching strategy for commissioning and/or providing these homes across the whole range of accommodation provision. This means that placements are often purchased on an at-need basis, and as a result, the **market is not sufficiently calibrated** to meet our placement needs.
6. The Central Bedfordshire Children's Transformation portfolio aims to reduce demand on the care system by providing earlier intervention, more joined-up services and locality-based help to vulnerable families. A workstream has been initiated within this programme

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<sup>1</sup> Adoptive placements are out of scope for this paper as the Council will take on the role of lead commissioner within a Regional Adoption Agency (RAA) from April 2019. Proposals to achieve sufficiency of adopters are contained within the Agency's strategy, with which LAC commissioning options will align. Residential SEND placements are also out of scope at the present time – a SEND placements strategy (including CWD/SEND children and young people who are Looked After) is being developed as a separate workstream within the overall project.

<sup>2</sup> 'The Pledge,'

[http://www.cbccicc.org.uk/assets/1/cs708\\_18\\_pledge\\_for\\_children\\_in\\_care\\_kam\\_mathu\\_artwork1-1.pdf](http://www.cbccicc.org.uk/assets/1/cs708_18_pledge_for_children_in_care_kam_mathu_artwork1-1.pdf).

to implement a resource allocation system developed by iMPower ('Valuing Care') which will enable cost-effective placements to be made that achieve the best outcomes for children and young people. This tool codifies children and young people's needs, allowing placement providers to develop a more child-centred package of care than current placement referral mechanisms, which are more risk-oriented. However, a previous lack of engagement with external providers has led to a disjunction between Valuing Care and the cost of placements offered by the wider market.

7. There is an MTFP commitment for 2019/20 to achieve efficiencies of 6% (£156,000) against the in-house fostering budget, and 4% (£109,000) against the IFA fostering budget.

## Forecast need

8. The table below is taken from a recent analysis of placement sufficiency and shows a forecast of the numbers of each placement type that is within the local authority's gift to influence.
9. Figures have been calculated as proportions of the total forecast numbers of looked after children,<sup>3</sup> on the assumption that the proportion of children and young people placed in each provision type would maintain similar trajectories till 2021 as they have for the last 5 years. In-house and IFA placement numbers have been calculated on the basis of our corporate aspiration that 70% of fostered children should be placed in-house.

Placement type	31/03/2018	31/03/2019	31/03/2020	31/03/2021	3-year change (approx.)
Adoptive placements	12	12-15	12-15	12-15	+3
Foster placements - F&F	30	30	30	30	NA/ variable
Foster placements – for in-house @70%	101	127-128	132-135	138-142	+37-41
Foster placements - IFA	85	67-68	70-71	72-74	-11-13
Residential placements (incl. CWD)	18	16-17	14-15	Dec-13	-5-6
16+ semi-independent	41	40	40	40	-1

## Aims and objectives to meet this need

10. The overall aims of this project are to deliver:
  - a) Sufficiency: to provide directly or commission sufficient local accommodation to meet the needs of children and young people who become looked after by Central Bedfordshire and unaccompanied minors who become accommodated. Where children's needs require that they be placed out of area, to be able to commission

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<sup>3</sup> Total forecast LAC numbers have been calculated on the numbers and time spent in care for all admissions and discharges over the last 5 years.

individual placements at need from a framework of quality-assured national providers.

- b) High quality placements: to ensure, through effective commissioning and quality assurance processes and partnership working with service users, practitioners, other local authorities and the provider market, that placements meet the needs of children and young people, offer safe and stable homes, and contribute to Looked after Children achieving positive outcomes.
- c) Value for Money: to deliver or commission accommodation that balances cost-effectiveness with quality and minimises the need for placement changes and high-intensity provision.

11. We will achieve this by:

- Growing and maintaining a pool of in-house foster carers, especially those who can foster children with more complex needs. There is potential to explore intensive/therapeutic fostering models (e.g. Dyadic Development Practice and Mockingbird) within the proposals for Fostering Transformation;
- Developing an effective commissioning methodology for IFA placements, while maximising use of in-house to meet our aspiration to place 70% of fostered children in-house;
- Ensuring that residential provision is sufficient and calibrated to meet needs locally; including for mainstream, complex needs and CWD;
- Maximising the use of our 16+ DPS or other contractual arrangements to commission stable, value for money semi-independent placements;
- Implementing standard contractual arrangements for spot-purchasing one-off placements (e.g. parent & child units) that ensure quality, value for money and compliance; and
- Working with children, young people, parents (where appropriate), carers, practitioners and providers to co-design and develop accommodation provision that meets children’s needs, can contribute to improved outcomes, and enables them to achieve their aspirations as they move towards adulthood.

## Phased approach

12. It is proposed to phase the next stages of the project as follows, based on (re)commissioning deadlines, service user volumes, and current provider performance:

Proposed Phasing	Phase 1 – foster care	Phase 2 – 16+ semi-independent	Phase 3 - residential
Current configuration	Mixed economy: 61% of placements in-house and 39% with Independent Fostering Agencies (IFAs). CBC operates in consortium with Bedford and Luton Borough Councils to	Mixed economy: SLA operated with CBC Housing for 21 UASC placements with floating support. Remainder of placements are commissioned through a Dynamic	Mixed economy: a 5-bed home at Clophill has recently been brought in-house. Additional mainstream (i.e. not CWD/SEND) placements are spot-purchased at need

	commission external fostering placements through a Dynamic Purchasing System (DPS).	Purchasing System (DPS).	from individual suppliers.
Average weekly cost (Aug 2018)	In-house: £357 IFA: £825	£760	Clophill: £1,918 External: £2,356
18/19 budget	In-house: £2,539,250 IFA: £2,895,000	£291,940 (UASC costs are reclaimed from Home Office so not itemised)	Clophill: £726,300 External: £874,190
18/19 spend to date (Feb 2019)	In-house: £2,338,694 IFA: £3,187,872	£678,343	Clophill: £726,300 External: £776,771
Reason for phasing	Due to volumes of placements, MTFP pressures, issues with operating the IFA DPS and the end of this contract in March 2020, it is proposed to prioritise fostering in the first phase of commissioning for this project	Moderate commissioning time pressure for the DPS contract (2021). The UASC SLA with Housing is a rolling contract, and a similar arrangement with an external provider will have potential for extension to align with end-date of DPS.	No time pressure on residential commissioning at a strategic level. Longer-term, residential provision could be reviewed in conjunction with the ongoing SEND placement strategy with a view to meeting all residential needs for mainstream and CWD young people.

## Options for consideration

13. The attached table (Appendix A) presents a full analysis for the options for future commissioning and service development.
14. Each phase of this analysis is structured according to 5 models:
- continue 'as is' (or re-commission like-for-like)
  - provide all services in-house
  - provide all services externally
  - Operate a mixed economy of in-house and external framework/spot-purchase provision, with the scope for each clearly demarcated in commissioning plans
  - As above, but inclusive of some 'blocks' of provision according to needs.
15. Each option has been assessed against the criteria of desirability (how well the option would deliver the aims and objectives of this project), financial viability, and feasibility of implementation. A risk assessment is attached to each. Taking all these factors into account the following options are recommended:
- Phase 1 Foster Care – Option E:** Operate a mixed economy of in-house and external framework/spot-purchase and block-contracted provision, with the scope for each clearly demarcated in commissioning plans.

- g) **Phase 2 16+ Semi Independent – Option E:** Operate a mixed economy of in-house and external provision, with block contracts, and with the scope for each clearly demarcated in commissioning plans.
- h) **Phase 3 Residential Care – Option B:** Provide all services in-house (with potential framework of national providers for out of area placements).

## Reason/s for decision

16. *Foster care: Option E* – current CBC placement costs and messages from the market indicate that the widely-used ‘in-house first’ system and commissioning arrangements that are essentially spot-purchasing from frameworks cannot guarantee sufficiency, represent poor value for money due to variable costs, and can result in poor quality placements and outcomes. This is unsustainable both for the LA and for providers. Where other authorities are trialling block-contract IFA models to meet specific needs, these have the potential to reduce costs dramatically in the longer term. While volumes of throughput are not guaranteed, the potential risks of using this model could be managed; i.e. by ring-fencing accommodation for the most complex and high-needs children and young people while maintaining a framework/DPS arrangement for placements at lower levels of need. A block contract could be let on a 3-year basis to offer some stability, while giving a manageable timeframe for review.
17. *16+ semi-independent: Option E* – current in-house placements offer good options for keeping vulnerable young people close as they transition to adulthood, while the local market offers enough placements to meet need – however, these need to offer greater variety to support young people’s move-on housing aspirations. This model would result in a more diverse commissioning arrangement than others (i.e. in-house provision, block contracting and a potential framework/DPS for at-need placements); however, it would give greater guarantee of placement availability, is working well in statistical neighbour authorities and offers potentially much greater opportunity for cost savings.
18. *Residential: Option B* – although the exact cost implications of bringing the Clophill home in-house are yet to be fully understood, the current trend towards lower numbers of residential placements mean that it is not cost-effective to maintain a mixed economy locally for this accommodation type. As Central Bedfordshire’s homes for Children with Disabilities are also in-house, a single management model for this type of provision would be more efficient and enable the Council to develop residential provision holistically to meet future needs. This option would also allow staff and young people at Clophill to stabilise following the recent transition, and if a further mainstream home were to be developed, enable income generation through letting out unused beds to other LAs. Additional out of area placements are always likely to be required, and a framework of national providers could be developed to meet this need.

## Council Priorities

19. *Great resident services* – ensuring that we commission or directly deliver value-for-money, outcomes-focused services that work in partnership with the Council to make a positive impact for our most vulnerable residents.
20. *Protecting the vulnerable, improving wellbeing* – fulfilling our pledge to Looked after Children and Young People to provide them with a safe, stable home. Research

indicates that this placement stability is the cornerstone to improving the wellbeing of children in care and helping them to achieve good lifetime outcomes.

## **Corporate Implications**

21. No further corporate implications identified at this time.

## **Legal Implications**

22. There are no direct or immediate legal implications arising from this report.

## **Financial and Risk Implications**

23. Cost modelling has been calculated using the forecast number of placements for each provision type and the average weekly cost of placements in mid-2018/19.
24. The average p/a overspend on foster placements over the last two financial years has been £842,514, or 19%. Of all the options proposed, only an all in-house model would be achievable within the 2019/20 foster care budget of £5,369,250. This is not a viable option given the current lack of available in-house carers.
25. The proposed mixed economy option for foster care forecasts costs in 2019/20 of £6,108,960. This assumes that the Council is able to meet its ambition to place 70% of fostered children with in-house carers. The current breakdown of placements is around 61% in-house to 39% IFA. Additional savings will also be possible through some block-purchasing. The option compares favorably with a wholly-external model due to the higher cost of external placements.
26. It is acknowledged that the proposed option for foster care exceeds the agreed budget; however, we are proposing the option that presents the best value for money and will mean that we are able to keep expenditure as close to the planned budget envelope as possible. The Directorate will seek to make further savings in other budgets to accommodate the projected overspend.
27. For 16+ semi-independent accommodation, the proposed option of a mixed economy with a clear demarcation of usage for in-house and external carries moderate financial risks as costs are variable and would be dependent on what each type of provision was used for and balance of in-house to outsourced requirements.
28. Costs for UASC placements are reclaimed from the Home Office, but in 2018/19 (to date), the spend on non-UASC 16+ placements has been £678,343 against a budget of £291,940 – largely due to an increase in numbers of these mainstream placements, as well as the complexity of young people's needs. Costs are forecast to be lower in the future through improved commissioning/contracting arrangements and better matching as a result of implementing Valuing Care. Additional savings of up to 50% per placement should be possible through the use of block contracts.
29. In the case of residential accommodation, the total cost of the recent move of the Clophill home in-house needs to be more fully understood in order to forecast costs accurately. However, a wholly in-house model is likely to be similar to current costs of

£1,918 per placement per week. On current population projections, this would incur annual costs of around £997,360 (the 2018/19 budget for all mainstream residential is £1,800,490) – this option is therefore likely to come within budget, with some additional flexibility for spot/Framework purchasing of individual out of area placements if young people's needs demand this.

## **Equalities Implications**

30. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
31. The proposals detailed in this report will primarily affect Looked after Children, their families and carers/care providers.
32. Although Looked After status is not a protected characteristic, these children and young people often experience multiple vulnerabilities before coming into care, while in care and after leaving care; including material deprivation, abuse and neglect, poor educational attainment, poor physical and mental health outcomes, young parenthood, involvement with the criminal justice system and CSE. In addition, 8% of the current cohort have diagnosed disabilities, around a third have identified SEND needs, and 14.5% are Unaccompanied Asylum-Seekers. This means that these children and young people have a wide range of equality and access needs.
33. In order to ensure the implications of these needs are considered fully and the proposals do not negatively impact any one group, a full Equality Impact Assessment will be carried out alongside the public consultation, to inform any future commissioning/service development plans.

## **Conclusion and next Steps**

34. If the recommended options are endorsed, Children's Services plans to consult on these models between May and July 2019 (pending approval from Executive). This consultation will target key stakeholders including Looked after Children and young people, in-house and external foster carers, residential and semi-independent accommodation providers, regional partners and the national market as well as be open to the general public.
35. Feedback from this consultation will be presented to Executive and used to inform the development of service specifications for IFA and semi-independent accommodation recommissioning. This will take place in late 2019, with a view to a new IFA arrangement being in place by 1<sup>st</sup> April 2020.
36. Subsequent phases of commissioning and service development will be implemented following this – new semi-independent arrangements should be in place by April 2021 and the final configuration of residential accommodation should be completed by 2022.

## **Appendices**

### **Appendix A: Full options appraisal table**

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