

## **BUSINESS CASE: COMMISSIONED PLACEMENT SUFFICIENCY PLAN 2022/2023**

### **I. EXECUTIVE SUMMARY**

Plymouth City Council is highly ambitious for all children and young people in the city, as set out in A Bright Future 2021-2026, seeking to make sure our children have the best possible start to life. This includes children and young people in the care of the local authority and care leavers, who are likely to have experienced significant challenges and trauma. A key part of this is making sure they have safe, warm and caring places to live, with caregivers who are skilled and able to fully meet their needs through childhood and into their adult lives. The Council wants to work with placement providers in a way that is innovative and imaginative, that flexes to meet the needs of children and young people and manages risks together using true partnership. Many placement providers are motivated by doing the right thing for children and young people, and the Council seeks closer working relationships with providers who are keen to work in this way to develop new ways of providing care.

Currently, the demand for suitable placements for children in care outstrips supply, with increasing difficulty in sourcing the right placement the first time a child or young person needs it. The cost of providing good quality care is rising, although there are some providers who would seek to exploit the current lack of supply by raising fees beyond what is reasonable.

This business case sets out a series of proposals for 2022/23, designed to:

- Increase the supply of available local placements for Plymouth children and young people through formalising closer working relationships and partnerships with placement providers;
- Ensure that placements are of good quality to be able to support positive outcomes for children;
- Support Value for Money decisions through transparency of weekly fees and collaborative and innovative working with suitable providers of care;
- Move further and faster in engaging with providers to find local solutions for sufficiency challenges and supporting relational approaches and innovation;

This paper proposes considering options where working with neighbouring local authorities would bring benefits, but progressing on a Plymouth-only basis where the pace of sub regional work is not fast enough to support rapid transformation or where there are more benefits from Plymouth taking action on a local footprint. All options will take into account the views of children and young people in care and also consultation with placement providers.

All local authorities have a statutory duty to provide suitable local placements for children and young people in their care. This is done through a range of provision, including:

- Foster placements
- Residential children's homes

- Supported lodgings or supported accommodation (for young people over the age of 16 with support rather than care needs)

Children are also placed with:

- Connected carers – placement with family members or others with a connection to the child
- Adoptive parents
- Residential special schools

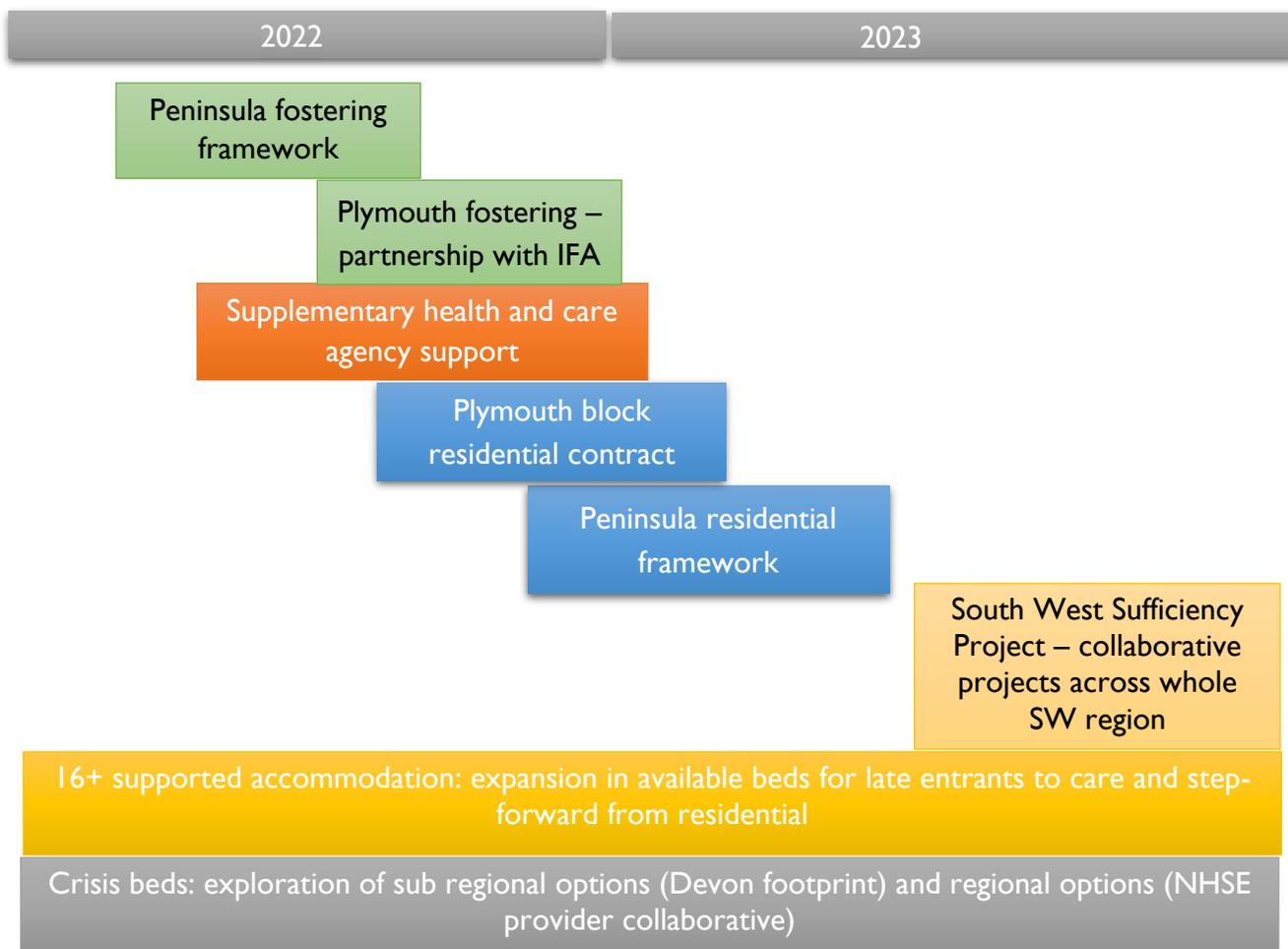
Placements can either be provided by local authorities themselves or commissioned from external providers. The scope for this business case is all placement provision, but with specific proposals for the provision of commissioned fostering and residential placements. It also includes the provision of supplementary health and care agency support for children and young people.

Alongside this paper, work is ongoing to continue to develop the 16+ provider market. A new contract for this service was put in place in spring 2021 which is a combination of a block and framework contract. In the last year this has generated 12 additional beds in Plymouth and negotiations are continuing to further expand this offer for young people either entering care once they are 16 or those able to step-forward from residential care into more independent living.

Other work taking place includes regional and sub-regional consideration of options for the care of very complex children, where more traditional placement options are not available. This is being considered as part of a Regional Sufficiency Project, across the 14 south west local authorities. A regional Market Position Statement is in draft form and will lead over the next 18 months to recommendations for commissioning some services on a regional footprint. In addition, work is ongoing across the NHS Devon CCG footprint (Plymouth, Devon and Torbay) to consider more local options for children with very complex needs, including a bed based option and wrap-around support teams.

Any learning from the Independent Review of Children's Social Care (due to be published in the spring) and the associated Competition and Markets Authority review of the cost of care, including fostering and residential placements, will be taken into account as part of the design of any approaches to procurement. Any possible approaches to improving placement sufficiency and managing local demand will also consider the option of invest to save programmes, to "build or make our own".

The proposed work is set out below in terms of the order in which the projects will take place over the 12 to 18 months; the bulk of the activity will take place in 2022, with the benefits beginning to be realised from 2023. Work on further increasing 16+ placements and considering options for crisis provision will be ongoing throughout this period.

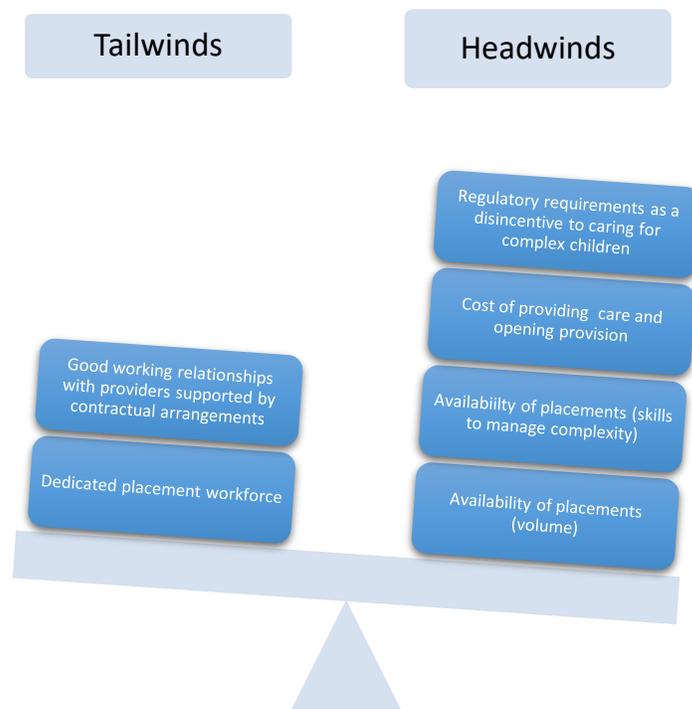


## Challenges

Placement sufficiency is significantly challenged, across all types of provision. This has been exacerbated by rising demand and complexity, the Covid-19 pandemic, workforce resilience and the cost of providing good quality care. It is often quoted that residential children's home staff can earn more by working in a supermarket than caring for children; this presents difficulties when attracting new workers into the sector.

Changes to regulations have also impacted on the availability of placements, locally and nationally. The use of unregulated placements (those not regulated by Ofsted) has been banned for children under the age of 16 since September 2021. Additional requirements will begin from April 2023 for providers of independent and semi-independent placements for 16 and 17 year olds in care and care leavers to be registered with Ofsted under a new regulatory framework. While welcomed in terms of driving up the quality of provision, this is likely to further increase costs and also lead to some providers exiting the market, without a clear plan for remaining providers to be able to fill the gap.

However, the appetite exists for change; providers in closer working relationships with Plymouth such as the residential and 16+ block contracts have been able to offer good quality local placements at reasonable prices which support the stability of the provision. **There is a need to go further and faster in progressing these type of partnership arrangements**, to be able to address some of the “headwinds” shown in the diagram below. This will have the benefits of increasing the number of available placements for Plymouth children, ensure that providers fully understand the range of needs to be supported, and that providers feel part of a “team around the child” approach to care.



## 2. DEMAND FOR SERVICES

The demand for placements is driven by two factors:

- the rate of children entering the care system;
- the rate of placement breakdown once children are in care and need a change of placement (often leading each time to a higher cost, more intensive placement);

For Plymouth, both of these factors should improve over the next 12 months; additional investment in social work staff will lead to reduced caseloads. This should have benefits in terms of case management, both in supporting children to remain at home with their families where appropriate, but also in being able to respond more rapidly to early signs of placement instability and in preventing placement breakdown.

The newly formed Early Help Partnership which will drive forward a programme of 0-19 Family Hubs for the city, and the further exploration of the scope of the Adolescent Support Team offer will also

support the ability to be able to respond earlier to emerging need and reduce escalation. The visibility and reliability of the Early Help offer is critical to supporting families to be able to manage difficulties.

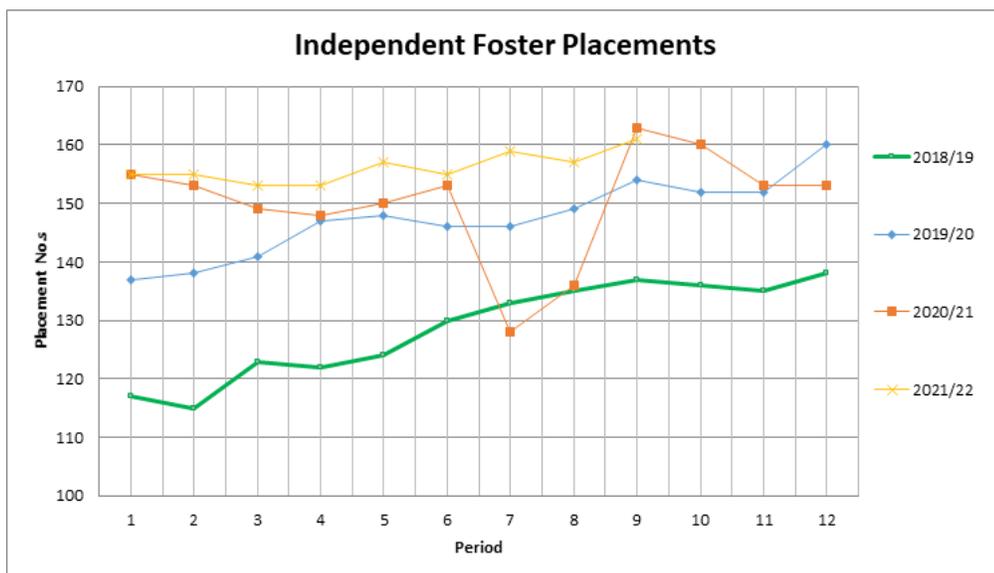
However, as at the 31st December 2021 500 young people were in the care of Plymouth City Council. The trend over the last 5 years shows an upward trend of approximately 5% per year. This would indicate the 500 number would rise to 525 over the next 12 months if the trend continued.

Of the current cohort of 500 children in care, 155 (31%) came into care after the age of 11, indicating that at least a third of children entering care are over 11. 12.6% of the cohort in care are placed in residential children’s homes, with the majority of children aged over 11.

In 2021 Plymouth had a higher percentage of children in care with a percentage of three or more placements when compared with the England, regional and statistical neighbour average. The 2021 LAIT data (31/03/2021) shows that 12% of Plymouth children in care had had three or more placements, up from 10% in 2019. In the same period the statistical neighbour average reduced to 9.5%. Children experiencing multiple placement breakdowns are likely to be placed in higher cost provision and are more likely to be placed out of area, as well as experiencing the trauma of rejection from the place they consider to be home.

### 3. THE SERVICES - FOSTERING

The majority of children and young people in Plymouth’s care are placed in a foster placement. These placements are provided by the in-house Plymouth City Council fostering service and also via a range of independent fostering agencies (IFA’s). The independent agencies historically focus on providing placements for children with more complex needs, although over more recent years have placed a broader range of children. The use of commissioned foster placements has been rising over the last 5 years, partly due to a rise in the number of children coming into care, challenges with recruiting in-house foster carers and the complexity of caring for some children, particularly in their teenage years. The graph below shows the trends since 2018:



Since 2006 Plymouth City Council has collaborated with Peninsula partners including Devon County Council, Torbay Council and Somerset County Council to commission over-arching contracts for foster placements. The current contract began on 1<sup>st</sup> April 2018, with Devon County Council as the lead commissioner. It is a framework contract, which doesn't commit the local authority to commissioning any placements, but ensures that there is a clear expectation of quality and price if placements are used. The contract covers:

- Fostering
- Parent and child fostering
- Staying Put (when a young person remains with their former foster carer after they are 18)

The current annual spend on the contract is £8,037,149.

The contract covers fostering agencies operating in Devon, Cornwall and Somerset, although some of the agencies offer placements nationally. All agencies are required to be registered with Ofsted.

Agencies provide a list of their weekly fees, with an additional "menu" of enhanced support, such as therapy and family support worker time. This enables transparency of the services being commissioned, and an opportunity to scale support up and down dependent on a child's individual needs.

The contract has generally performed well, with agencies continuing to recruit carers for the south west and carers providing a good quality of care. In the last year agencies have found it more difficult to recruit new carers, which has been exacerbated by the Covid-19 pandemic and more existing carers reconsidering their future options. A flaw in the current arrangement has been the providers setting their prices for future years in year one of the contract, which has not been flexible enough to take into account some of the major economic changes over recent years. There has also been a challenge in finding carers with the skills needed to care for children who no longer need a residential placement, or who are stepping out from Tier 4 mental health provision or welfare secure, particularly teenagers with complex needs. Efforts by the in-house fostering service to expand into this area have also been unsuccessful to date. This has meant that some children are being placed in residential care when their needs could be met in a foster placement. These cases are kept under regular review.

Demand for foster placements, both locally and nationally, remains high and this means that providers have less need to engage with any contractual arrangements which they consider to be too restrictive or unaffordable. A Peninsula fostering tender carried out in 2017 which included caps on weekly prices was received poorly by providers, with some large agencies choosing not to engage with the process.

### **The proposal:**

It is proposed to commission a 5 + 1 + 1 framework contract for providers operating locally and nationally, to include the following:

- Standard fostering plus a menu of options and prices for additional support
- Agencies operating outside the south west to support increased sufficiency for when children need to be placed out of area
- Family Based Short Breaks (often used for children with disabilities)
- Emergency carers
- Parent and child fostering

- Staying Put

To encourage fostering agencies based elsewhere in the country to expand into the south west, the contract would have 'entry points' during the lifetime of the framework. It will also have a clearly defined mechanism for considering framework prices annually against the cost of living.

Devon County Council will lead the procurement process on behalf of Plymouth City Council. Using the current annual spend current forecasted spend for 2021/22 of £8,037,149, if the full 7 years of the contract are utilised this is a contract value of £56million.

**Further steps:**

However, while this approach would cover the majority of fostering related requirements, it will not resolve the issues with the lack of carers able to care for the smaller number of more complex children requiring a family based placement. A more integrated 'team' approach between fostering agencies and the local authority may be beneficial, linked very closely to the specific needs of Plymouth children and the services available in the city. It is therefore recommended that work commences in parallel to explore the feasibility of a partnership arrangement or contract with either one or a small number of fostering agencies to deliver foster placements for children with more complex needs. This may take the form of a block contract or other type of contractual arrangement.

The risks and benefits would be carefully considered before progressing any type of procurement, including the financial benefits. If the Council is able to support more children into a foster placement in a timely way to meet their needs this is likely to lead to improved outcomes, as well as a reduction in the use and cost of residential care.

**RECOMMENDATIONS – FOSTERING**

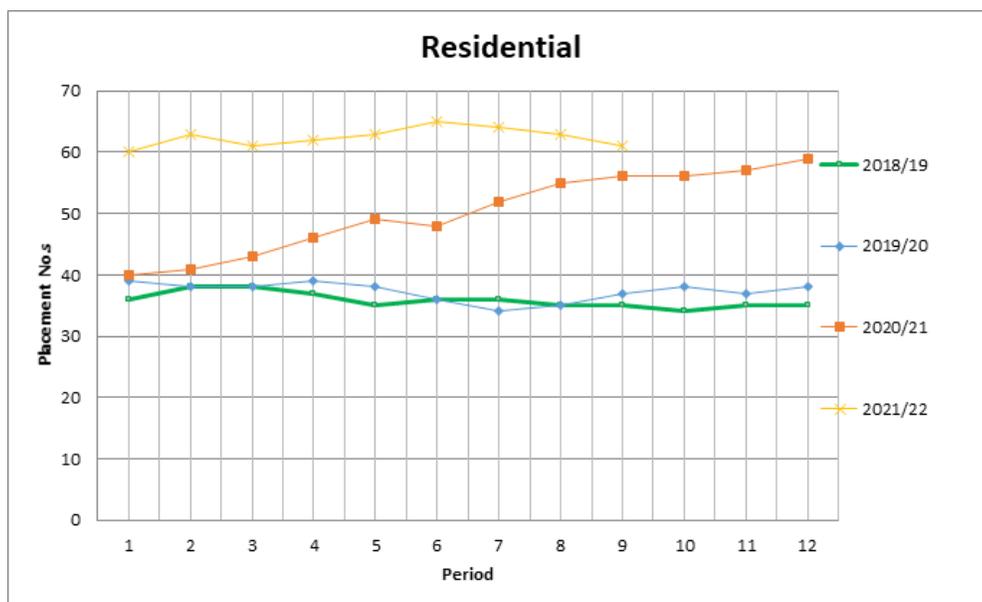
- Proceed with a tender in partnership with Devon County Council, Torbay Council and Somerset County Council, to replace the current Peninsula Fostering Framework Contract. This will include fostering, parent and child and staying put placements.
- Proceed with a tender either in partnership with the local authorities listed above or as a standalone project for Plymouth, to develop a closer partnership with one or more IFA's to deliver local foster placements for adolescents and/or children with more complex needs

**4. THE SERVICES - RESIDENTIAL CHILDREN'S CARE**

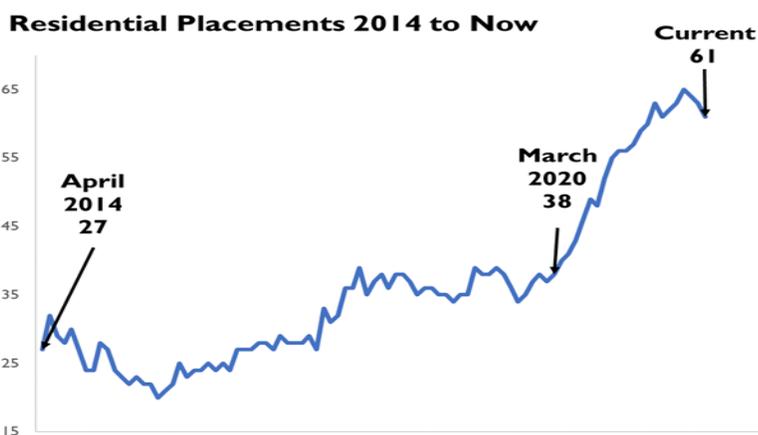
For children and young people with the most complex needs, residential children's homes may be more appropriate to meet their needs, particularly for children who struggle to form emotional attachments in a family setting, such as fostering. The modern model of children's homes is very different to the institutional models of the past – the majority of the homes in Plymouth care for one or two children, and the largest home has three beds. The homes are designed to be as close to family homes as possible, with dedicated staff teams and a focus on trauma informed practice.

Children’s homes have to be Ofsted registered and there are homes offering a high quality of care, with children able to, in time, move on to foster care, onward to independent living or transition home.

Plymouth’s use of residential care is on an upward trend, partly driven by rising demand and complexity, but also by a lack of sufficiency for foster placements for children with complex needs who could be fostered. The graph below shows the trends since 2018:



The graph below illustrates the sharp rise in the use of residential children’s home placements since the beginning of the Covid-19 pandemic.



Currently children’s homes for Plymouth children are commissioned via two routes: a Peninsula residential framework contract and a locally based block contract called “Caring in Partnership”.

## **Peninsula residential framework**

The Peninsula residential framework contract covers residential children's home providers operating nationally, with approaches to those providers with local homes in Devon and Somerset first when searching for a placement. The contract has been in place since February 2019 and can continue until 31<sup>st</sup> January 2023. The contract does not commit the local authority to any spend, but ensures that expectations of quality are clear and that indicative weekly fees are provided. All residential children's homes are required to be registered with Ofsted and the majority of homes provide support for children with emotional and behavioural difficulties, known as EBD.

The Peninsula residential framework has generally performed well, although some homes have at times experienced quality challenges, usually linked to the skills and resilience of staff and leadership and management. The children's home providers have been extremely resilient throughout the Covid-19 pandemic, with staff moving into homes full time to care for children if they became infected. More recently, providers have begun to disengage with traditional frameworks, so this would need some thought as part of any recommissioning, to ensure that both the local authorities and providers considered there was a benefit in working in this way.

The current contract allows more providers to join the framework and also includes a mechanism for considering any changes to fees annually. This takes into account:

- Any planned increases to the National Living Wage;
- The rate of the Consumer Prices Index (CPI), as compared to the start of the contract year;
- Any unforeseen and significant cost increases, for example regulatory fees;
- Benchmarking against similar local authorities.

The Peninsula residential framework is largely used when a placement is needed for children and young people outside Plymouth. Some children's home placements are also spot purchased, either when there is a need for highly specialized provision, or when the Peninsula framework does not have capacity.

The current annual spend on the residential framework contract and spot purchased residential homes is £12,518,019 after contributions from education and health.

### **The proposal:**

It is proposed to recommission the Peninsula residential framework in some form, in partnership with Devon County Council, Torbay Council and Somerset County Council. The procurement will include a focus on the growth of available good quality children's homes in the south west to reduce the use of spot purchased placements, transparency of weekly fees and delivery of outcomes such as step forward into fostering.

The initial design work for this procurement is yet to begin, but assuming a 5 + 1 + 1 contract based on current forecasted spend for 2021/22, if the full 7 years of a contract were utilised this would be a contract value of £87,626,133.

## **Caring in Partnership**

Caring in Partnership is a block contract for residential children's homes within Plymouth or within a 20 mile radius. The contract which has been in place since March 2018 commits the Council to funding a number of beds, regardless of whether they are used. For Plymouth City Council this is part of the

longer term strategic development of local children's home beds over the last decade which has seen a significant growth in the number of local beds available to Plymouth children:



There is now mixed provision in Plymouth, with the majority of beds secured via the block contract, and the providers working very well with the Council to keep any empty placements to a minimum. Alongside these are a smaller number of homes which are either on the Peninsula residential framework or spot purchased, allowing for flexibility in how these are used.

The block contract allows new beds to be added during the lifetime of the contract, and enables the Council to make sure these meet the needs of Plymouth children before committing to them. In turn, this gives children's home providers the confidence they need to be able to invest in opening new homes (it is estimated that it costs between £500k and £1m to open a new children's home, with the cost of property and the need to have a staff team and manager in place prior to Ofsted registration).

As the block contracted providers have the security of knowing that beds will be paid for, they are able to offer weekly prices which are below the usual market rates. The contract includes the option to be able to offer vacant beds to neighbouring local authorities (although this has not needed to be used), and also a 10% reduction in the weekly fee if a home is graded Inadequate by Ofsted. The average fees paid for block contracted beds is £45k lower per child per year than placements which are not included in the block contract.

The quality of the homes is good, reflected in Ofsted performance: for the largest block contracted provider 64% of their homes in the south west are graded Good or above, while the Plymouth block contracted homes are 78% Good or above.

The approach to the block contract has been supported by extensive partnership working, to wrap around the homes – focused Caring in Partnership meetings include the providers, Camhs, Children's Social Care, Commissioning and the Virtual School. Outcomes for children have been positive, enabling children experiencing breakdown of foster placements to stabilise without needing to bond with a new family, and for others to return to the city, to step forward into fostering, return home and move on into independent living. The approach is relational, rather than transactional, with an emphasis on caring for "our children" together.

### **The proposal:**

It is proposed to recommission the residential block contract, for a period of 3 + 1 + 1 years. As part of this process analysis will be carried out to determine the most appropriate number of beds to

include in the new contract, and also include the option to continue to increase the contracted beds during the lifetime of the contract. Providers will be tested on their understanding of the needs of Plymouth children, commitment to local partnership working and weekly fees.

The current annual spend, based on forecasted spend for 2021/22 on the residential block contract is £3,749,853. Estimated spend on a 5 year contract is 18,749,265.

## **RECOMMENDATIONS – RESIDENTIAL**

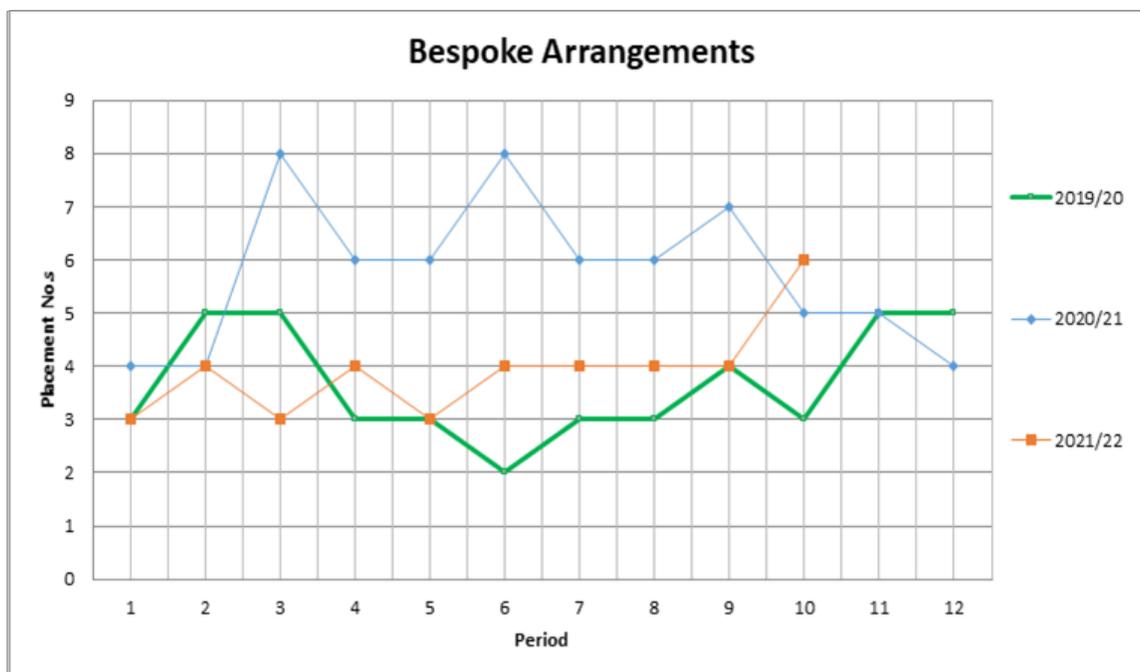
- Proceed with a standalone tender for Plymouth to replace the current Caring in Partnership residential block contract
- Proceed with a tender in partnership with Devon County Council, Torbay Council and Somerset County Council, to replace the current Peninsula residential Framework Contract.

## **5. THE SERVICES - PROVISION OF SUPPLEMENTARY HEALTH AND CARE AGENCY SUPPORT FOR CHILDREN AND YOUNG PEOPLE**

One of the negative impacts of the challenges of placement sufficiency over recent years has been an increase in the use of and spend on agency staffing who can offer care to children on a temporary basis when an Ofsted regulated placement is not available. Supported living arrangements for young people aged 16+ are increasing in number, and residential children's home providers are increasingly considering how they can care for older children with complex needs, but there remains a gap in provision currently.

These temporary arrangements, also referred to as “bespoke arrangements”, usually involve the short term rental of a property, with an agency providing a staff team of carers to work on a rota basis to support the child. Staff are usually skilled as support workers, healthcare assistants or at times nurses, when the child has more complex mental health or medication requirements. These arrangements are only considered for the shortest possible period of time, and tend to be put in place in a crisis situation; this requires significant staff input from both CYPF and Commissioning, on a child by child basis. The quality of these arrangements can be variable and the cost is significant – in 2021/22 it is forecast that Plymouth City Council will spend £2.2m on care agency staffing for bespoke arrangements.

It is also important to note that since September 2021 these arrangements are now considered illegal for children under the age of 16, although are acceptable for young people over the age of 16 with support rather than care needs. For Plymouth these arrangements are currently spot purchased, from the agencies which have staff availability at the time it is needed; this does not lead to effective value for money judgements. The graph below shows the use of these types of arrangements; demand is inconsistent and difficult to plan for, as it is so closely linked to crisis needs.



The aim is to reduce and eventually cease the use of these arrangements, as work progresses to try and grow the number of locally available fostering, residential and I6+ placements. However, in the meantime there is a pressing need to ensure that the Council has effective arrangements in place in the event of crisis, including robust assurance of quality and transparency of costs.

There is also a need at times for similarly skilled agency care staff to support preventative work with families, for enablement or to maintain a family placement through a time of short term crisis. These can be very positive in preventing family breakdown.

### **The proposal:**

It is proposed to develop a specification to set out clear requirements and quality expectations of these types of arrangements, and gather through procurement more detailed information on what each agency is able to offer. This will include an expectation of delivery of evidence based interventions. A procurement will also support value for money by requiring a full breakdown of each agencies costs, so that better informed decisions can be made if staffing is needed. The specification would cover the following range of circumstances:

- a child or young person with disabilities needs 'short break' care/support in the community, enabling them to take part in a wide range of activities that other children experience, thereby promoting their independent living skills, helping them reach their full potential and reducing family stress;
- a child or young person with profound and complex physical or mental disabilities needs 'short break' care/support in the family home, enabling parents/carers to continue caring for them at home;

- a child or young person's level of health and/or social care need is at 'edge of care', and further escalation of need would be likely to result in the child or young person becoming 'looked after' by the local authority;
- a child or young person enters local authority care in response to an 'emergency' or 'crisis' and whilst arrangements are made for an appropriate matched placement to meet their assessed needs;
- a child or young person is in transition between placements as a result of changing needs;
- the placement of a looked after child or young person is at risk of breaking down, to promote stability and continuity;
- a child or young person is in the process of reunification with their family following a period of being looked after by the local authority;
- Independent specialist assessments by agencies, for example independent parent and child assessment, assessment of complex child or parental needs.

A procurement would put in place a framework contract, which does not commit the Council to any spend, but would ensure that robust arrangements are in place to consider price and quality if support is needed.

Devon County Council, Torbay Council and Somerset County Council are experiencing the same quality and affordability challenges in sourcing staff for temporary arrangements and there is an option to work collaboratively to put in place a shared framework. However, this work is not currently proceeding at pace and is likely to be further delayed by the need to prioritise recommissioning the Peninsula fostering contract.

## **RECOMMENDATIONS – SUPPLEMENTARY HEALTH AND CARE AGENCY SUPPORT FOR CHILDREN AND YOUNG PEOPLE**

- Proceed with a tender, either in partnership with Devon County Council, Torbay Council and Somerset County Council, or as a standalone project for Plymouth, to develop a new Framework contract.

### **6. CONTRACTUAL/LEGAL EVALUATION**

For collaborative commissioning with Devon County Council, Somerset County Council and Torbay Council, Devon are the lead authority, ensuring that contract terms and conditions are approved on behalf of the Peninsula Authorities by Devon County Council's Legal team.

For projects which are carried out by Plymouth City Council, the Council's procurement processes and contract terms and conditions will be used.

When a child or young person is placed, an Individual Placement Agreement is put in place which states the weekly cost of the placement and any additional requirements. Spend on Individual Placement Agreements is approved by the Service Director for Children, Young People and Families and regularly reviewed through care planning and review panels.