

30 January 2019**Agenda Item: 6****REPORT OF THE SERVICE DIRECTOR, COMMISSIONING AND RESOURCES**
EXTERNAL RESIDENTIAL PLACEMENTS FOR LOOKED AFTER CHILDREN**Purpose of the Report**

1. The purpose of this report is to provide an update to the Committee on the significantly reduced instances of off-contract spend on external placements for Looked After Children following the introduction of a new contracting arrangements for the procurement of high needs supported accommodation for Looked After Children and care leavers from May 2018.

Information

2. An earlier report was presented to the Committee in March 2018 which set out the amount of off-contract spend during the financial year 2017/18. This spend was facilitated via a Financial Regulations Waiver introduced in April 2017 in order to provide a formalised and compliant process for the procurement of external placements for Looked After Children with particularly complex needs where a suitable placement cannot be obtained via the Council's established contracts for providing specialist residential care. This followed an earlier internal audit review which highlighted the issue of off-contract spend and recommended that steps be put in place to manage it in line with the Council's financial regulations.
3. The Committee acknowledged the work in progress at that time towards establishing a new procurement process to ensure suppliers of semi-independent accommodation that are not currently included on any of the existing frameworks that the Council has access to, are listed on an approved supplier list. This would bring the process for procuring semi-independent accommodation in to line with that by which specialist education placements are sourced and for which there was evidence that providers had benefitted from joining an approved provider list in terms of more streamlined payment process and having priority consideration for future placements.
4. The new High Needs DPS (Dynamic Purchasing System) process was introduced in May 2018. Nineteen approved providers were established at that time. The process allows for additional providers to be added periodically and there are now some 33 approved providers.
5. A recent auditing exercise to review the new procurement process confirmed that between May and December 2018 there have been 40 'high needs' placements, supporting 38 young

people to live in semi-independent accommodation as they transition to adulthood and/or leave the care system (2 young people had more than one placement). Of these:

- 34 placements were secured using the new High Needs DPS;
- 3 placements were commissioned by Adult Social Care colleagues via their Younger Adults DPS as part of the young person's planned transition to being cared for via adult social care services;
- 2 placements were procured out-of-county, in line with the young person's care plan and following on from out-of-county residential care placements;
- 1 placement was procured off-contract for a young person with particularly challenging and complex needs for whom none of the approved providers were able to offer a placement. However, the selected provider will be applying to join the DPS at the next available opportunity.

The forecast cost of high needs placements from May 2018 to March 2019 is £1,043,606. Over 86% of this (£977,951) has been procured via approved providers and 14% (£164,589) has been procured off-contract. This relates to the 2 out-of-county placements plus the additional placement with the provider procured off-contract but who will be an approved provider for future placements.

6. The above example of a provider subsequently electing to become an approved provider after initially being procured off-contract mirrors the experience of operating the approved list for specialist education placements as outlined in paragraph 3 above. Suppliers do consider it beneficial to be part of the Council's formal contracting arrangements. That said, providers cannot be compelled to register as an approved supplier and there is no guarantee that those who do will be able collectively to meet all of the Council's specialist care and education placement needs into the future. However, this new DPS has plugged a gap in the Council's portfolio of contracting arrangements for different types of care / education placements; the Financial Regulations Waiver was used on 58 occasions during 2017/18 so the 40 placements secured via this new DPS has itself resulted in a significant reduction in the instances of off-contract spend. It has also extended the number and range of providers with whom the Council has a formal contractual relationship, and registered suppliers will be prioritised if they are able to meet the specific needs of the child or young person in question.
7. Nevertheless there remains a number of cases where, in discharging its role as corporate parent, the Council has no alternative than to place a young person outside of any of these contracted arrangements. This is primarily due to there being a limited market for the provision of residential care and semi-independent accommodation for children and young people with specific special and/or complex needs. It can also arise when there is a need for an emergency care placement and there is no immediately available and/or suitable capacity within contracted arrangements to meet this need. Equally, the specialist education placement might have resulted from parental preference taking precedence and it identifying a school that is not on any local or regional contracts/frameworks. In all cases, officers responsible for securing the most appropriate care and/or education placement for a young person will seek firstly to do so via established contracts. Off-contract spend is, and will remain, the option-of-last-resort and will in any event be pursued only if it is deemed to be in the best interests of the Looked After Child or care leaver for whom the Council is the corporate parent.

Other Options Considered

8. In addition to the introduction of this High Needs DPS, the Council is pursuing a range of options to increase the volume of residential placements for Looked After Children available to it. In addition to plans to increase its own internal residential home capacity, this includes extending existing contracts with providers and also working in collaboration with neighbouring authorities across Derbyshire and Nottinghamshire to establish sub-regional joint commissioning arrangements. This will initially focus on the provision of residential home and foster care accommodation for Looked After Children and, if successful, be extended to cover other externally commissioned provision, e.g. specialist education placements for children and young people with an Education, Health and Care Plan (EHCP) whose special needs mean they cannot suitably be educated in a mainstream school.

Reason for Recommendations

9. The recommendations address the key issue identified in the previous report to the Committee in March 2018, together with the earlier audit report with regard to off-contract spend on external placements for Looked After Children.

Statutory and Policy Implications

10. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

11. The specialist nature of these placements is reflected in the weekly cost. The costs are met from within existing budgets (including the Dedicated Schools Grant for specialist education placements in the independent and non-maintained sector) and can experience considerable pressure as the number of specialist placements and their weekly costs increase. The introduction of the new DPS set out in this report has ensured that the procurement of these placements is undertaken in line with the Council's financial regulations. Where there arises the need for a particularly specialist and /or complex placement that cannot be sourced from within existing contractual arrangements, this will be facilitated through the use of the Financial Regulations Waiver and reported to Committee.

Safeguarding of Children and Adults at Risk Implications

12. The Council will, in all cases, seek to discharge its statutory duty as corporate parent by considering what is in the best interests of the Looked After Child concerned. Within this context, off-contract spend will only be pursued when all of the suitable placement options for which the Council has pre-existing contractual arrangements have been explored. It will

in any event be considered only if it is deemed to be in the best interests of the child or young person, whether they be LAC and / or in receipt of an EHCP.

RECOMMENDATION/S

That:

- 1) Members consider whether there are any further actions they require beyond those set out within the report to reduce the amount of off-contract spend that might otherwise be incurred in relation to specialist care and education placements for vulnerable children and young people
- 2) any further updates on the volume of off-contract spend on external placements for Looked After Children be provided through the annual report on the use of Financial Regulations Waivers.

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Constitutional Comments (EP 10/01/19)

13. The Governance and Ethics Committee is the appropriate body to consider the contents of the report.

Financial Comments (SAS 16/01/19)

14. The financial implications of the report are set out in paragraph 11 above.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Procurement of External Residential Placements for Looked After Children – report to Governance and Ethics Committee on 14th March 2018.

Electoral Division(s) and Member(s) Affected

All.

C1206