

**UPDATE REPORT OF SERVICE DIRECTOR FOR FINANCE,
INFRASTRUCTURE & IMPROVEMENT AND SECTION 151 OFFICER**

**CHILDRENS SERVICES - COLLABORATIVE COMMISSIONING AND
CONTRACTING**

Purpose of the Report

1. To provide Members with an update on two collaborative commissioned and contracted services, first presented in 2021

Information

2. There are two commissioned services in place that support looked after children and those at the edge of care:
 - a)DN2 STARS Programme
 - b)D2N2 Children in Care Framework

DN2 STARS Programme

3. **Background:** Derby City Council, Nottingham City Council, and Nottinghamshire County Council (the Commissioners and collectively referred to as DN2) have jointly commissioned evidence-informed services that support children and young people in local authority care, and on the edge of care, to achieve better social outcomes. DN2 has procured an Investor-Provider consortium to deliver this through a Social Impact Bond.
4. This Social Impact Bond (SIB) was an opportunity for DN2 to establish a partnership that would deliver innovation and help to move young people away from the trajectories that often take shape alongside challenging behaviour born of challenging circumstances. It is an opportunity to create lasting real-life changes for these young people by supporting them to live in the best possible environment for each individual. It is also an opportunity to explore innovative approaches to these challenges, to bring together different combinations of experience and expertise, potentially from different sectors and contexts, and to build local capacity to ensure the sustainability of any positive achievements. SIBs are a model in which socially motivated Investors fund the upfront costs for a Provider to deliver a public service. Payment to the Investor-Provider consortium is then made by DN2 based on achievement of agreed

successful outcomes. The Investor funds the Provider to deliver the service regardless of the achievement of these outcomes.

5. Through this programme, DN2 aims to support children and young people to achieve stable family type placements (e.g., stepping down from residential care with new types of support) and to remain at home with their families or primary carers where safe to do so. Appendix 1 gives a description the cohorts of young people and the numbers to be supported across the whole life of the contract.
6. £3m of government funding supplied to DN2 by the National Lottery Life Chances Fund was secured and contributes approximately 25% of the payments made in relation to successful outcomes, which correspondingly reduces the financial risk to the Councils involved. The remaining element of the payment is made from existing budgets, though these payments – based on young people successfully remaining out of care and / or out of high-cost residential placements – will be lower than the cost that the Councils would otherwise have incurred in bringing these young people in to care and / or in paying for specialist residential care. Appendix 2 shows the payment mechanism for the contract, with payments being made after a certain point of stability for the young person and continuing for up to 2 years.
7. **Procurement:** A procurement exercise was undertaken during 2018 using a competitive dialogue procedure, to secure an Investor/Provider consortium, with Outcomes for Children(Polaris Group) being the successful Provider.
8. **Governance:** A Contract Lead is in place to support the ongoing management of the programme with quarterly Operational Contract Management Boards along with a Strategic Partnership Board whose attendees include Service Directors from across DN2, the Provider and the Investor. Nottinghamshire made 40 referrals in Year one of the contract, with the contract minimum of 55 being achieved by DN2. Appendix 3 gives a snapshot of the reporting into the DN2 Boards, and Appendix 4 describes the activities supporting a complex young person accessing the programme with feedback from those involved.
9. During Year 1 of the contract there has been significant change and adapting to a new way of working due to the COVID 19 pandemic. Relationships with operational social work colleagues and Outcomes for Children has been 'virtual' as has all operational and strategic contract management meetings. The pandemic may have affected where most referrals came from in the first 6 months of the contract. Placement stabilisation (Cohort B) saw most referrals as opposed to Cohort A where fewer referrals have been seen. There is a national acknowledgement of a shortage of foster carers, so some activities have taken place to try and ensure the STARS programme is highlighted with the Independent Fostering Agencies, which includes a bi-monthly fostering exchange event where individual local authority social workers attend to discuss a particular young person looking for a foster carer. This has proved useful in securing foster carers and is supporting moving young people out of residential care and supporting in situations where their current foster care arrangement may be breaking down
10. Three grant claims have been put to the National Lottery Life Chances Fund, amounting to a cumulative total of £40,000, the next claim will be around £50,000.
11. DN2 operational colleagues have developed a forward plan for Year 2 of the contract, which will include a wider communication to highlight the successes of Year 1 and some modifications to some operational processes in support of delivery of the programme.

D2N2 Children in Care Framework

12. **Background:** Derbyshire County Council Derby City Council, Nottingham City Council, and Nottinghamshire County Council ('the Councils') have jointly commissioned a framework that replaced the previous framework managed by Northamptonshire County Council (The East Midlands Regional Care Framework)
13. **Procurement:** Nottinghamshire County Council worked with our partners to develop a framework that allowed us to periodically open to the market to encourage more Providers to join it within its term, it also allows for all partners to procure specific requirements, such as a block arrangement, should the need arise. The applications to join the framework are split into Lots:
- Lot 1: Independent Residential Children's Homes
- a) Standard Children's Homes,
 - b) Specialist Children's Homes,
- Lot 2: Independent Fostering Agency Services:
- a) Standard Provision
- Providers were also asked to self-select if they are prepared to accept referrals for;
- b) Emergency Placements
 - c) Outside the D2N2 area
 - d) Specialist Provision
14. The Councils chose to use the Optimum price method to evaluate the bids. The Optimum prices have been determined by using the Councils' combined knowledge to calculate a reasonable market rate for each lot and category. For a standard residential placement this was calculated to be £3140 per week, and a specialised placement £5380. For Fostering Agency's, a placement could range in cost from £720 to £800 depending on the age of the child/young person. For a specialised foster placement this would range from £1000 to £1600 per week.
15. Weekly Prices can be increased annually at the discretion of the Councils, by 1.5% or CPI as reported by the Office for National Statistics (ONS), whichever is the lower. Should CPI fall below zero prices will not be expected to reduce. For the financial year 1 April 2022 to 31 March 2023, the D2N2 Board has agreed a 3.1% inflationary increase, which was communicated to all framework Providers in January 2022. This decision has been taken because of the challenges being faced in the care market in securing staff and other associated costs.
16. **Governance:** Regular D2N2 Operational Group meetings take place, and there is Strategic Partnership Board consisting of Service Director membership from across D2N2. Appendix 5 is a report to the D2N2 Strategic Board for quarter two of last year. The report shows Nottinghamshire made more placements from the framework and most residential placements made by the Local Authorities, were within the D2N2 boundary. Nottinghamshire also secured 76% of their fostering placements in the lowest price band with over half of the residential placements for that quarter also in the lowest price band.
17. The number of Residential Providers and Fostering Agencies who have successfully applied to join the framework have climbed steadily since round one was open in February 2020. The residential provision is now at 44 Providers, from 33 in February 2020, and Fostering Agencies up to 40, from 33 in February 2020.

18. Other D2N2 collaborative work streams stemming from the delivery of the children in care framework include:
- Fostering – working across D2N2 internal fostering team to co-ordinate communications and training for internal fosters across the D2N2 footprint.
 - Supported Accommodation framework – work being led by Derby City to develop this, and will be in place during Spring 2022
 - Joint Delivery Group with D2N2 Local Authorities and Clinical Commissioning Groups in relation to those young people with complex mental health needs.

Statutory and Policy Implications

19. 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.

RECOMMENDATION/S

That Members consider the need for further updates and at what frequency.

Nigel Stevenson

Service Director – Service Director for Finance, Infrastructure & Improvement and Section 151 Officer

For any enquiries about this report please contact:

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Constitutional Comments [LPW 25.01.2022]

20. The recommendations fall within the remit of the Finance Committee by virtue of its terms of reference.

Financial Comments [NC 27.01.2022]

21. There are no financial implications arising directly from this report

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.

- None

Electoral Division(s) and Member(s) Affected

- All