

29 September 2014**Agenda Item: 10****REPORT OF THE SERVICE DIRECTOR, CHILDREN'S SOCIAL CARE****BLOCK PURCHASE OF RESIDENTIAL CARE FOR CHILDREN WITH
SOCIAL, EMOTIONAL AND BEHAVIOURAL DIFFICULTIES (SEBD)****Purpose of the Report**

1. This report seeks approval from Committee to undertake a procurement exercise in order to identify two strategic partners to purchase a total of 24 residential care placements for Looked After Children assessed as having social, emotional and behavioural difficulties (SEBD) and meeting the threshold for residential care.

Information and Advice**Context**

2. All local authorities place a small number of children in residential care. National benchmarking indicates that this is typically in the region of 8% of the total population of Looked After Children.
3. Children placed in Residential Care have a variety of needs. A very small percentage of this group require highly specialist placements (for example residential units for children and young people with complex disabilities). The majority of the young people requiring residential care have difficulties which include attachment difficulties, behavioural issues and some learning needs; they often have a history of foster placements breaking down. The broad definition used to describe this cohort of young people is 'Social, Emotional and Behavioural Difficulties' (SEBD).
4. Nottinghamshire's Looked After Children's Placements Commissioning Plan, which was agreed at Children and Young People's Committee in May 2014, identified that at least 40 SEBD residential care placements will be needed over the next ten years, of which only 15 will be provided by existing internal provision (with some small expansions currently being explored separately). The plan also assumes that Nottinghamshire will reduce the percentage of children placed in residential care from 11.5% as it is currently to the national average of 8% through increasing the use and stability of foster placements.
5. Demand for residential care placements is significantly higher than capacity within internal children's homes. To meet this demand for placements, the County Council currently places Looked After Children requiring residential care with a range of private providers to ensure their needs are met.

6. These placements are currently purchased via the Nottinghamshire Approved Provider List (NAPL), a list of Providers who have been approved as suitable to provide residential care to young people. Placements are purchased individually at the point of need and with a range of different private providers on the NAPL. The weekly unit price of provision varies significantly depending on the assessed needs of the young person and the provider identified.
7. Due to a shortage of good quality local provision Nottinghamshire children in residential care are most likely to be placed out of county (when compared to other types of placements). At present, of the 72 young people in external residential care, only 36% (27) are placed within Nottinghamshire. The placements are spread across 36 different homes, each with differing management structures, services and costs. The table below demonstrates demographic spread of out of county placements.

Authority	Number of Placements
Nottingham City	13
Staffordshire	9
Derbyshire	4
Lincolnshire	4
Leicestershire	3
Barnsley	2
Cumbria	2
Derby	2
Rutland	2
Sandwell	1
Sheffield	1
Shropshire	1
Wrexham	1

8. Research demonstrates that the majority of Looked After Children come from the North of the County (Mansfield, Ashfield and Bassetlaw). However, the majority of young people who are placed in County are placed in the South and thus struggle to maintain relationships with their communities of origin.
9. Although Nottinghamshire County Council currently only places children and young people in provision which is rated as either 'Good' or 'Outstanding' by Ofsted, monitoring visits undertaken by the County Commissioning Officers suggest that provision varies considerably. As the Council currently has contracts with a number of different suppliers, it has little influence over the provision available. By entering into a fixed term arrangement with two strategic partners the Council would have significant influence and promote consistency in the service offer. This would create equity of service for young people regardless of whether they were placed within Nottinghamshire County Council provision or within this externally commissioned provision. Research suggests that children and young people are safer and achieve better outcomes when placed within 20 miles of their family of origin.
10. Nottinghamshire County Council and Nottingham City Council have both stated their intention to commission block contracts for a set number of children's residential care placements. Both Nottinghamshire County Council and Nottingham City Council would be the first councils within the East Midlands to enter into such an arrangement.

However, a number of other authorities have entered into block purchase arrangements. Shropshire County Council entered into a similar arrangement in 2008 and have been successful in improving the relationship between the authority and the successful provider and reducing unit costs.

11. As both the County Council and Nottingham City Council have stated their intention to seek strategic partners, it is proposed that the procurement exercise is undertaken in partnership but ultimately results in separately managed contracts. This not only reduces the administrative burden on suppliers and makes best use of resources with both Councils, but also mitigates an adverse market impact of two substantial procurements happening within similar timeframes.

Proposal

12. This proposal provides a means of improving outcomes for Looked After Children and achieving significant savings for the County Council over the life time of the contract.
13. Market consultation and research into other authorities suggests that the weekly unit cost of placements will be significantly reduced. There will also be a reduction in travel time and associated costs for child social workers, independent reviewing officers, and placement commissioning officers as a result of more placements being within Nottinghamshire. Children will also be more likely to be able to stay in their existing education settings.
14. A key outcome of this arrangement is that children will be placed closer to the communities from which they entered care, as the contract will specify targets for the providers to place a minimum number of children in-county by November 2015. The contract will stipulate a timetable to set up new provision within North Nottinghamshire to reach the required level of provision within the County.
15. The ambition of the contract is to foster a collaborative model between the agreed providers and our existing internal homes. Models of best practice will be created, as internal homes (which are all rated as Good or Outstanding by Ofsted) will share training and approaches to stabilising difficult behaviours. Innovation and best practice will also be shared between internal and external provision to raise standards and further improve the quality of care received by children and young people.
16. It is also anticipated that placements will be more stable due to the providers agreeing to a 'No Disruption' clause, which will ensure that children and young people will only leave their placements within Residential Care by mutual agreement and planning, as is the case within Nottinghamshire's internal children's homes.
17. Analysis of data relating to missing children in Nottinghamshire also suggests that Looked After Children are less likely to go missing if their placement is within Nottinghamshire than an out of county placement. There are more collaborative systems in place between the Police and County Council to review, manage and discuss missing children incidents within County.
18. Children placed within County will have access to Nottinghamshire's Looked After Children Physical Health Team, the CAMHS (Child and Adolescent Mental Health

Services) Looked After and Adopted Children's Team and the Virtual School, who all provide a range of high quality interventions to Looked After Children placed within the County, and whose services are not available out of County. There are also better links with the Police which ensure that missing children and children at risk of Child Sexual Exploitation are more easily identified and that there are robust safeguarding systems in place.

19. The length of the contract will be seven years initially with scope to extend for a further three years. A contract of this length is necessary to enable successful providers to manage their operational costs in the medium to long term, which will enable them to offer the County Council a lower unit cost for placements within their provision. This is particularly important as we are requiring suppliers to increase capacity in the North of the County and they will need to invest capital into properties. A shorter contract will increase their risk and therefore our cost.
20. The contract includes provision to mitigate risks of unforeseen fluctuations on demand and concerns with quality of placements. In addition to robust performance indicators and contract management provision, the contract will have a one year 'No Fault' fixed notice clause which will allow either party to exit after a year's notice. This clause is essential as it protects the Council should the needs of the Looked After population change significantly during the life-time of the contract and will protect the strategic partner who may have business reasons for wishing to exit the contract. A year gives sufficient time to move children and young people in a planned and child-centred way.
21. The contract will commission beds across the provider's range of provision and will only make placements in units which are Ofsted registered as 'Outstanding' or 'Good'. If a child is placed in a unit which becomes down-graded during the course of the placement then a review will be undertaken to agree an action plan for improvement that is respectful of the needs of the child or young person. Where appropriate we will work with the provider to allow improvement but will decommission the placement should the provider be unable to improve within timescales.
22. Placement Matching will be managed by the Nottinghamshire County Council Placements Team, and by the creation of a panel which will ensure young people are matched to the appropriate placement in an equitable and transparent way. An inability to match children appropriately will be escalated and managed as part of the contract management process.
23. The County Council will use this opportunity to enter into contracts with two strategic partners who share the County Council vision for improving the aspirations and outcomes for our most vulnerable Looked After Children; and in addition increase the social value of any contract by increasing job opportunities in the North of the County and by continuing to develop a skilled children's workforce who specialise in the care and development of vulnerable Looked After Children.
24. Councillor Kate Foale, Vice-Chairman of the Children and Young People's Committee, has agreed to take leadership of this initiative and will have oversight of the procurement process and subsequently be involved in quality visits in partnership with the County Children's Placements Team.

Other Options Considered

25. Continued use of existing Residential Placement Procurement Framework - this has not led to any increased provision in Nottinghamshire and placement costs have not decreased.
26. Increased investment in internally provided and managed children's homes - this has been reviewed extensively and the decision was made to reject this option because of the costs and timescales involved. It was also felt that providing a 'mixed economy' of care with a public and private partnership would build on the stability and expertise of our existing homes and also develop creativity and innovation.
27. To become part of the East Midlands Framework Contract when it renews in 2015 - this will not achieve the aim of placing more young people within County and will not address the issue of escalating Placement Costs. This option does not address the issue of ensuring a high quality of placements with a market provider.
28. The Market Position Statement, attached as **Appendix 1**, also refers to other options.

Reason/s for Recommendation/s

29. To ensure there is a sufficient number of placements for Looked After Children in Nottinghamshire who have complex needs and require residential care.
30. To reduce overall placement costs and improve outcomes for Looked After Children.

Statutory and Policy Implications

31. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working 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

32. The actual saving that would be achieved would depend on what price is offered by the successful provider(s) during the tender process. Identified savings will contribute to the target of £6.59m set out in the LAC Placements Outline Business Case as part of the Council-wide savings.
33. There is a risk that the projected level of savings will not be achieved. Whilst market testing and consultation has indicated a level of saving which could be achieved, the actual savings that would be achieved would not be known until the conclusion of the tender process.

Safeguarding of Children and Vulnerable Adults Implications

34. Research evidence and recent Serious Case Reviews into Child Sexual Exploitation suggest that children and young people are better safeguarded when placed nearer to home.

Implications for Service Users

35. The Block Purchase agreement will lead to a closer commissioning arrangement with external providers and will lead to better outcomes for Looked After Children. The 'No Labels' Children in Care Council will be actively involved in the tendering process.

RECOMMENDATION/S

- 1) That the proposal to undertake a procurement exercise to identify two strategic partners from which to purchase a total of 24 residential care placements for Looked After Children assessed as having a social, emotional and behavioural difficulties (SEBD) and meeting the threshold for residential care be approved.

Steve Edwards
Service Director, Children's Social Care

For any enquiries about this report please contact:

Mary Jarrett
Service Manager, Placements and Commissioning
T: 0115 9774200
E: mary.jarrett@nottsc.gov.uk

Constitutional Comments (LM 15/09/14)

36. The Children and Young People's Committee has delegated authority within the Constitution to approve the recommendations in the report.

Financial Comments (KLA 15/09/14)

37. The financial implications of the report are set out in paragraphs 32 and 33 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.

Nottinghamshire Looked After Children Placements Commissioning Plan and Block Purchase of Residential Placements – report to Children and Young People's Committee on 19 May 2014

Electoral Division(s) and Member(s) Affected

All.
C0476