
A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972 as amended. The grounds for privacy are that it contains information relating to the financial and business affairs of any particular person (including the authority holding that information) and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services. The public interest in maintaining the exemption under Schedule 12A outweighs the public interest in disclosing the information.

Cabinet

11th April 2017

Name of Cabinet Member:

Cabinet Member for Children and Young People - Councillor E Ruane

Director Approving Submission of the report:

Deputy Chief Executive (People)

Ward(s) affected:

All

Title: Children's External Residential Services

Is this a key decision?

Yes, the proposals within the report have financial implications in excess of £1m per annum and will affect the whole of the City.

Executive Summary:

The Council has a duty under the Children Act 1989 to ensure that it has sufficient good quality placements to meet the needs of its looked after children. These should be within the local authority's area, providing this is in the best interests of the child.

The Council has set out how it will fulfil its 'sufficiency duty' in accordance with section 22G of the 1989 Children Act in its Placements Sufficiency Strategy 2016/17, and further expands on the vision for children's Services, and how this links strategically to other improvement activity, in the Children's Transformation Strategy.

Central to the vision is the knowledge that children grow up most successfully in a family environment, and therefore the cornerstone of the Placements Sufficiency Strategy is to increase the number of children who are placed with internal foster carers. Ambitious targets have been

set for the City Council fostering service, and there has been an increase in children placed with internal foster carers from 149 in April 2016 to 180 in February 2017.

However, residential care will remain a positive option for some children and young people – in particular for those who are older when they enter care, or will not thrive in and/or do not want a family setting to replace their own. On average, Coventry places around 13% of its looked after children in residential provision. The aim is to reduce this to 10% in line with the national average, and this equates to approximately 60 children)

Coventry currently uses a range of residential children's home provision, including internal provision delivered by the City Council and externally commissioned provision delivered by private providers. This includes a block contract with Hexagon Care for 17 residential beds within the city, catering predominantly for children with emotional and behavioural difficulties. This contract will expire in October 2017.

The proposal outlined in this report is to re-commission a block contract for 25 beds in 4 – 5 bedded homes, within or close to the City boundary. This new provision will not be instantly recognisable as children's homes – they will be more easily identified as homes for children and the aim is to create something more akin to normal family life. The intention is to award contracts to a number of providers so there is a more diverse market of providers and provision in the city. The contract length of the contract would be 3 years plus a possible extension of up to 2 years.

Overall, a total of 41 beds will be available in the city; 25 through the new block contract and 16 through the reconfiguration of the internal residential service approved at Cabinet on 7 March 2017. Needs analysis has shown that there are approximately 20 children who will require specialist, out of city provision to meet their needs, and these beds will be spot purchased or procured through the regional residential framework.

This proposal, and the reconfiguration of internal provision together represent the direction of travel for Coventry in relation to increasing local placement provision, and contribute towards a target reduction in expenditure across this area. Further work will continue to be undertaken on the optimum mix of internal and external provision of children's residential care, taking into account the Council's aspiration to provide quality, cost effective local provision, based on an approach that maximises placement choice for children and is predicated on a mixed economy of care provision. This work will need to take into account the effectiveness of the new operating model for internal residential provision, as recent analysis has shown that the actual operating cost of the Council's internal provision has not been cost effective. To ensure that there are clear, evidence-based recommendations about the balance of internal and external provision after the end of this contract, a commissioning review will be undertaken 24 months after delivery of the external provision has commenced (February 2020). This will examine the effectiveness of both the internal and external residential provision and make proposals regarding the mix of residential care. Prior to that, contracts will be robustly monitored through regular contract monitoring meetings and visits to providers, and the Director of Children's Services will provide regular informal reports to the Lead Member for Children.

All the projects contributing to placement sufficiency are being delivered through the Children's Transformation Board, which enables risks and interdependencies to be identified and managed at a strategic level. The board meets monthly.

The outcomes of this project will be:

- An increase of local provision;
- The ability to more effectively wrap multi-agency support services around children;
- a tighter and closer network of residential care provision in and around Coventry, which can operate alongside a newly configured internal residential service;
- All homes will be required to work in partnership including monthly managers meetings to maintain partnerships and encourage long-term planning

- Use of expensive emergency residential provision via spot purchase will be minimised.

It is proposed that Coventry commissions the service through a Dynamic Purchasing System (DPS) to bring a variety of providers into the city. The DPS is a two-stage process which allows the flexibility to procure at the most appropriate times. In the initial set up stage all providers who meet the selection criteria are admitted onto the DPS. In the second stage the Authority procures the beds over a period of time when required to avoid empty beds and over-commissioning. This reduces the risks of a standard block contract where all the beds are procured together as part of one tendering process. Providers can apply to join the DPS at any point during the lifetime of the contract allowing new entrants to the market. The DPS will be advertised in April 2017.

The cost of these 25 placements will be met from the existing children's placements budgets and this is allowed for within the Children's Transformation Strategy.

Savings realised in the residential placements budgets will collectively come from:

- A reduction in the residential cohort to 60 placements on average
- A lower average unit cost for residential placements, as a result of less spot contracts.
- A lower average unit cost for fostering, as a result of an increase in the use of internal provision and a decrease in the use of external provision.

Recommendations:

Cabinet are recommended to approve the commissioning of 25 external residential children's home beds by way of establishing a Dynamic Purchasing System.

List of Appendices included:

Appendix A - Equalities Consultation Assessment

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

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Report title: Children’s External Residential Services

1. Context (or background)

- 1.1 The provision of high quality children’s homes is a key component of Coventry’s 2016 Placement Sufficiency Strategy and the Children’s Services Transformation Strategy, which set out how the Local Authority and its partners will secure sufficient accommodation for the city’s looked after children.
- 1.2 Coventry currently uses a range of residential children’s home provision, including internal provision delivered by the City Council and externally commissioned provision delivered by private providers. This includes a block contract with Hexagon Care which provides 17 residential beds within the city, catering predominantly for children with emotional and behavioural difficulties. This contract will expire in October 2017.
- 1.3 Coventry recognises that the best option for the majority of Looked after Children (LAC) is a family-based placement such as fostering. However, residential provision will continue to be a positive option for a cohort of children, who are unlikely to thrive in a family-based setting or who do not want a family setting to replace their own. Coventry’s vision is to reduce the percentage of LAC placed in residential provision to 10% of the LAC population (approximately 60 young people) which will bring it in line with the national average.
- 1.4 This report sets out plans to re-commission external residential provision. This project is one of eight projects overseen by the Transformation Board which ensures sustainable service improvement for Children’s Services in Coventry. Six of the projects in the Transformation Programme support the implementation of the Placements Sufficiency Strategy. These are: the re-commissioning of external residential provision; the redesign of internal residential provision; the development of 100 new internal foster placements; fostering for children with complex needs; the redesign of edge of care services; and the re-design and re-commissioning of supported accommodation.
- 1.5 A needs analysis undertaken in December 2016 looked at the needs of all children placed in residential provision between March 2015 to November 2016 It identified that a number of children placed in residential homes could have been placed in foster placements, had these placements been available. Of the remaining 60, approximately 40 had emotional and behavioural difficulties (EBD) and approximately 20 had specialist needs (physical or learning disabilities).
- 1.6 The new homes will meet the needs of children displaying emotional and behavioural difficulties. These are likely to include verbal and physical aggression, missing episodes, and low levels of substance misuse and criminality.
- 1.7 The needs analysis identified that the following types of placements will be required to meet the needs of approximately 60 young people who will continue to need residential provision.

Presenting need category	Current number in residential placements	Required number of placements
EBD	53	39
Specialist	25	21
Totals	78	60

1.8 The homes will be within or close to the City boundary. All homes will be capable of meeting the needs of a mix of young people including some with complex needs and challenging behaviours. Risks will therefore be spread across all homes, the stability of homes will be maintained, the matching process will be easier, and there will be greater flexibility to help to prevent empty beds in the externally commissioned provision. All homes in Coventry will be managed through a network approach which requires partnership working and healthy competition.

2. Options considered and recommended proposal

2.1 **Option 1** – Reconfigure internal residential provision to provide 16 beds as agreed at the 7 March 2017 cabinet meeting, and source remaining placements through the regional residential framework and spot providers. This option is not viable as the current regional residential framework does not provide enough good quality local placements to meet Coventry’s needs. Spot purchased placements are more expensive than framework or block placements, so this option would lead to an increase in costs. The development of a framework arrangement specifically for Coventry is another option, but is unlikely to encourage providers to establish homes in the city as a framework would not provide them with a guaranteed revenue stream.

2.2 **Option 2** – Develop a mixed economy of internal and external provision procured through a block contract which will meet the needs of young people and provide an incentive for providers to invest in new homes in the city. A mixed economy will offer more diversity of service, give more options for matching service to need and help to create a better risk profile to for the local authority. The table below shows the split of placements across internal and residential provision. Specialist placements will sit outside this contract.

Type of Residential Placement	Current	Future Placement requirements
Internal Residential	12	16
External Residential	41	25
Specialist	25	21
TOTAL	78	62

2.3 It is proposed that the external provision is procured through a Dynamic Purchasing System (DPS) which will be a two-stage process. In the initial setup stage, all providers who meet the selection criteria would be admitted onto the DPS. Unlike framework agreements, new providers can also apply to join the DPS at any point during its lifetime. Individual contracts are awarded during the second stage. In this stage, the authority invites all providers on the DPS to bid for a specific contract. This is the recommended proposal.

3. Results of consultation undertaken

3.1 Strategic commissioners have undertaken a number of consultation sessions with providers, stakeholders and young people to help shape the future service model.

3.2 Two workshops were held with approximately 30 providers in June 2016 followed by individual sessions with a number of providers. The providers that attended the sessions validated the need for children to be placed locally in order to access local services and remain in contact with family.

3.3 The consultation established that there are a number of providers who are interested in establishing children’s homes in the city. The use of a block contract will be beneficial to providers through guaranteeing income and helping to stimulate the market to enable

providers to make the necessary capital investment in Coventry. The block will also ensure Coventry has sole use of the provision at a lower unit cost than commissioning via a framework or spot

- 3.4 An online survey with social care staff on the requirements for future residential provision received 26 responses. Staff outlined the need for smaller local provision so that young people are not removed from their schools, with resilient staff who can effectively engage young people with a range of needs.
- 3.5 Coventry also consulted with young people via the Voices of Care group and as part of the 11 Million Takeover Challenge. Young people designed their ideal residential provision and stated that they would prefer small homes based in Coventry that looked like 'normal homes on normal streets'. They stated that it was important for them to remain in city and that they would be happy to access therapy outside of the home if required.

4. Timetable for implementing this decision

The Dynamic Purchasing System will be advertised in April 2017, with the first contract awarded in August 2017. The first tranche of homes will be in place from February 2018. The completion of this project for all new residential provision will be by June 2018. The progress of the project will be monitored monthly by the Transformation Board.

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

- 5.1.1 The aim of the external residential transformation programme is to reduce the costs of residential placements for Looked After Children (LAC) by decreasing the total number of young people in residential placements from 78 to 60 and by reducing the overall average cost of those placements by effective commissioning of those placements based on need.
- 5.1.2 Coventry currently utilises a range of residential provision including internal residential provision, a block contract with Hexagon, access to the West Midlands Residential Framework and spot purchased placements.
- 5.1.3 As the DPS arrangement will involve a bidding process for each property, the full cost of the 25 block places is not yet known. The procurement of these 25 placements will be met from existing children's placements budgets and this is allowed for within the Children's Transformation Strategy.
- 5.1.4 Savings realised in the residential placements budgets will collectively come from:
 - A reduction in the residential cohort to 60 placements on average
 - A lower average unit cost for residential placements, as a result of less spot contracts.
 - A lower average unit cost for fostering, as a result of an increase in the use of internal provision and a decrease in the use of external provision.

5.2 Legal implications

The letting of a Dynamic Purchasing System will be conducted in accordance with the Council's Rules for Contracts and the Public Contracts Regulations 2015. The initial stage of the DPS can legally be commenced prior to Cabinet approval as it does not confer any rights or obligations on any party to proceed. No contractual commitments for the DPS will be made should Cabinet determine not to proceed or prior to expiry of the Call In period if Cabinet approves the recommendations.

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

A key Council objective is to place more young people in or close to the city. This allows for more effective family contact and for both education and healthcare to continue seamlessly. It should also allow for a smoother transition to independence for those children over the school leaving age who will most likely be looking to assume adulthood and settle within the city. They will be close to any work experience, training and/or employment opportunities that may become available and will have ready access to their Social Worker or Personal Adviser situated within localities. Important links with local services such as the children's sexual exploitation team, health services, including CAMHS, community safety and local police can also be sustained more effectively when children are placed in Coventry.

6.2 How is risk being managed?

A project team comprising strategic commissioners, procurement, finance and service representation reports monthly to the Transformation Programme Delivery Board. The Board is chaired by the Director of Children's Services. The monthly Highlight Reports give updates on progress, identified risks and mitigation. Risks will continue to be identified through the implementation phase of the project, mitigation sought and impact is managed through this process.

6.3 What is the impact on the organisation?

As corporate parents the commissioning of children's residential homes will enable young people access to local residential provision which will provide them with continuity in relation to educational placement and accessibility to health services. The new provision will mirror a normal living environment for children which will enable them to feel settled, safe and improve their emotional, health and educational outcomes.

6.4 Equalities / EIA

6.4.1 An Equalities Consultation Assessment (ECA) is attached in Appendix A.

6.4.2 The new commissioned provision will meet the needs of all looked after young people in the city. The specification will ensure that provision meets the needs of young people irrespective of gender, religious beliefs, sexual orientation or immigration status

6.4.3 The needs of young people with physical and learning disabilities will be met through framework and spot providers. Coventry will retain its dedicated short breaks resource for looked after children with a disability at Broad Park House. Gravel Hill will be able to offer a bed for a child with a disability if required and this facility will remain following the internal redesign.

6.5 Implications for (or impact on) the environment

Providers will be requested via the specification to run homes in an energy efficient way in order to reduce impacts on the environment. For example homes to use energy saving light bulbs and recycle a percentage of the home waste.

6.6 Implications for partner organisations?

The increase in capacity arising from the proposals will ensure more young people in care are placed locally and therefore there may be more demand on local support services such as Child and Adolescent Mental Health Services (CAMHS) and the new Integrated Mental Health Service for LAC. However, the cost of commissioning out of city health and education provision will reduce. Further engagement with health and education providers will take place as the project progresses to fully identify this impact. The community safety team may see an increase in providers requiring support to deliver information in relation to safe location reports and maybe required to visit new provision.

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