



To: The Education and Children's Services Scrutiny Board (2)

Date: 27 April 2017

Subject: **Commissioned Services for Children and Young People**

1 Purpose

- 1.1 This paper provides an overview of why Children's Services commissions services from external providers, how it commissions and procures these services, and the steps it undertakes to ensure that commissioned services deliver good quality, cost effective provision for children, young people and their families.

2 Recommendation

- 2.1 The Education and Children's Services Scrutiny Board (2) is recommended to:
- 1) Note the content of the report and,
 - 2) Forward any recommendations to the relevant cabinet member.

3 Overview of Commissioned Services

- 3.1 Children's Services has a number of contracts in place with individual external providers, ranging from just under £10,000 (for provision of monthly Regulation 44 visits¹ to The Grange and Gravel Hill), up to £2,000,000 per annum (for provision of children's residential homes under a block contract).
- 3.2 The highest annual contract values are in respect of children's placements, which cover fostering, residential and supported accommodation placements for looked after children and care leavers. All Council contracts over £5,000 are listed on a contracts register, which is published quarterly on the Council's website.
- 3.3 Children's Services commissions services from third parties for a number of different reasons. This can be due to a lack of in-house capacity or expertise, because services delivered by external providers are more cost effective, because having a mixed economy enables the Council to manage risk and demand more effectively, or because services are more appropriately delivered by third parties.
- 3.4 Although the Council has a strategy in place to recruit in-house foster carer, fostering placements are sourced from Independent Fostering Agencies because the Council currently does not have enough in-house foster carers to meet demand. The Children's Advocacy and Independent Visitors Service is delivered by an external provider because this offers reassurance that advocates can challenge the Council

¹ Regulation 44 of The Children's Homes (England) Act 2015 requires that all homes are visited by an independent visitor each month and a report submitted to Ofsted and placing local authorities on the safety and well-being of the children in the home.

on children's behalf without fear or favour. Residential placements are currently delivered via a mixed economy of in-house and external provision, as this helps mitigate the risks to the Council of managing high profile, complex and costly residential services.

4 Commissioning and Procurement Processes

- 4.1 The entire commissioning process from start to finish is described as a 'commissioning cycle' (although in reality it is more of a continuous process). This involves analysing and mapping needs, planning service provision, building capacity and developing the market, procuring goods and services, and monitoring contracts.
- 4.2 A commissioning process does not necessarily result in a service being outsourced. If a decision is made that the Council should 'buy' rather than 'make' the service, then a procurement process is undertaken. This is subject to procurement legislation and a range of procurement approaches are available, but in general terms, providers are invited to tender against specifications, and their tenders are evaluated by a panel. Contracts are awarded for specific periods of time, with the option to extend for a further period. Typically, contracts are for two, three or four years, with the option to extend for one or two further years.
- 4.3 Decisions to go out to tender are scrutinised first by Category Panels for People and Place, chaired by senior managers, and then by Procurement Board, which is chaired by the Director of Finance and Corporate Services. Decisions regarding services worth in excess of £1m per annum, or which affect more than one ward, are made by Cabinet.
- 4.4 The most common types of contracts are block, framework and spot purchase.
- 4.5 A block contract guarantees a given volume of business to a service provider, usually over a set period of time, and in advance of the service being delivered. Block contracts are usually larger, and provide a guarantee of income, providing the service provider with an economy of scale and therefore allowing the contracting authority to obtain a more competitive price.
- 4.6 A framework agreement operates in a similar way to an approved provider list. Once the framework is agreed, it usually operates as a closed system for four years, and does not allow new entrants. Being listed on a framework does not guarantee a provider any level of business. When a local authority wants to procure services, they approach suppliers listed on the agreement. They will either go directly to one provider or hold a mini-competition to determine the most suitable provider.
- 4.7 Framework agreements are typically used where a local authority knows that it is likely to have a particular need for products or services, but is unsure of what exactly it will need, or when exactly it will need it. Framework agreements can be used by more than one authority, for example, the West Midlands frameworks for residential and fostering placements.
- 4.8 Spot purchasing (or spot contracting) happens when a service is purchased by or on behalf of an individual. Services are purchased as and when they are needed, and are purchased on an individual basis for a single user. The Council spot purchases services when the existing framework or block contracts cannot meet demand, or when a very specialist service is required, for example a specialist placement, and this is not available via framework or block contracts.

5 Contract Monitoring and Quality Assurance

5.1 Children's Commissioning has a quality assurance (QA) framework in place for fostering, residential and supported accommodation provision, which ensures that there is a high level of oversight of the quality of children's placements. It stipulates the following contract monitoring and quality assurance activities:

- **Residential:** quarterly monitoring visits to all children's homes in the city; six weekly contract monitoring meetings with the key residential provider; regular cluster visits to out of city provision (visiting residential and supported accommodation provision in a particular area); clear process in place overseen by Director of Children's Services for responding when provision judged 'inadequate' by Ofsted; monthly oversight and scrutiny of 'inadequate' and 'requires improvement' providers by Corporate Parenting Board; providers complete annual self-assessments; commissioners scrutinise monthly Regulation 44 reports provided by independent visitors to children's homes; response to complaints and queries on a case by case basis.
- **Fostering:** quarterly contract monitoring visits with five main Independent Fostering Agencies, focussing on placement breakdown, outcomes, any contractual issues and market gaps; Ofsted ratings are monitored and action plans obtained and monitored when providers are judged 'inadequate' or 'requires improvement'; complaints and issues are addressed on a case by case basis; quarterly feedback is obtained from social workers and Independent Reviewing Officers on top five providers.
- **Supported Accommodation:** quarterly contract monitoring meetings; regular programme of visits to providers; quarterly monitoring returns from providers focussing on occupancy, safeguarding issues, interagency work and feedback from stakeholders and residents; response to complaints or issues on case by case basis; monthly Supported Accommodation Resources Panel, where providers can raise issues around individuals e.g. risk of eviction or non-engagement and multi-agency support packages put in place.

5.2 Other contracts are generally monitored on a quarterly basis, unless the contract is assessed to be low risk (from the perspective of quality or annual contract value), in which case monitoring may be every six months. This is to allow contract monitoring resource to be deployed on contract areas which pose the greatest risk to the Council.

5.3 The Children's Commissioning QA framework feeds into the overarching QA framework for Children's Services. Fostering and residential provision is subject to regulation and is inspected on a regular basis by Ofsted. The Corporate Parenting Board scrutinises any provision that receives an Ofsted judgement of 'inadequate' or 'requires improvement'.

6 Impact of Contract Monitoring and Quality Assurance

6.1 The examples below show how contract monitoring has made a difference to commissioned services:

- **Advocacy and Independent Visitor Service:** A review of the service in January 2016 identified concerns about the length of time it was taking to match some children to a volunteer independent visitor. Monitoring data

showed that at the end of December 2015, 46 Coventry children were receiving a service, but 7 were waiting to be matched to an independent visitor (and a number of these had waited for up to 9 months). Delays were largely due to an overall increase in referrals (including an increase in the numbers of younger children, which has put pressure on capacity as they stay longer in the service), and also a number of referrals for children out of city, where volunteers needed to be recruited and trained in that locality. Consequently, the commissioned service has developed and revised its recruitment and training processes to reduce recruitment timescales, and this had led to an increase in the number of available volunteers. In September 2016, there were 76 volunteer independent visitors across Coventry and Warwickshire, which is an increase of 8 since January 2016. Recent contract monitoring data has revealed that the waiting times have reduced, but there are still a small number of children who are not matched within 3 months. This is an area of on-going review between commissioners and the provider.

- **Supported accommodation:** in response to concerns raised by Route 21 about the quality of properties and support to young people, a contract monitoring visit to an out of city provider was undertaken, during which staff and care leaver files were audited. The files did not contain the appropriate paperwork and therefore there was no evidence that the provider was meeting its contractual obligations. Commissioners identified a lack of communication between managers and staff, and between staff and social workers. An immediate placement stop was issued, outstanding referrals were withdrawn and young people in placement were reviewed. The placement stop was communicated to all West Midlands authorities, the provider was given a detailed report on the Council's concerns and asked to investigate and respond with an improvement plan. A number of young people are being moved into alternative placements as a result of this.
- **Supported accommodation:** in 2016, contract monitoring identified that a provider's record keeping was inconsistent in respect of both staff and young people files, although this was not impacting on outcomes for young people. The provider was requested to put an improvement plan in place and as a result, their record-keeping has improved. This is a small provider, which has consistently responded well to feedback from commissioners and as a result has developed additional provision in the city to meet young people's needs.
- **Residential:** In December 2016, scrutiny of Regulation 44 reports identified that an out of city residential home had not had a registered manager in place since October 2016. The young person in placement had been settled for some time, but his missing episodes had recently increased. A monitoring visit was therefore undertaken in January 2017; this identified that an acting manager was due to start that week, but also identified some issues with the standard of decoration within the home which are now being addressed. The acting manager has since been

made a permanent manager and the young person continues to do well in placement.

7 Future Developments

- 7.1 A contract management framework designed to provide focus and direction for contract management activities across the whole Council is under development. The framework is based on the National Audit Office 'Good Practice Contract Management Framework' and is tailored to meet Coventry's specific needs. The focus of the Contract Management Framework is on the activities undertaken as part of the operational phase of the contract i.e. after the contract has been awarded and once the service is up and running. The document clarifies the respective roles and responsibilities of procurement and commissioning staff, which will avoid duplication of effort, or action not been taken due to lack of clarity of where the responsibility lies.

Author: Sally Giles, Head of Children's Strategy and Commissioning
Directorate: People
Date: 12 April 2017