

<b>Item No.</b> 18.	<b>Classification:</b> Open	<b>Date:</b> 20 July 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Children's Residential Care	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Catherine McDonald, Children's Services	

**FOREWORD – COUNCILLOR CATHERINE MCDONALD, CABINET MEMBER FOR CHILDREN'S SERVICES**

1. This report asks the Cabinet to approve the closure of the externalised 7 bedded Children's Residential Home and the spot contracting of equivalent placements at negotiated prices below the current contracted price.
2. The recommendations have three principal benefits to the local authority:
  - Children's Services will realise gross revenue savings, in relation to the current contract price.
  - The resources released will be used in a more targeted and flexible way to purchase more responsive residential provision for young people which provides both quality and best value.
  - A significant contribution to the reduction of pressure on the placement budget for looked-after children.
3. The recommendations will not disadvantage the children who are currently in the home, and the Council will ensure that high levels of personal care are maintained and that all levels of care and support will be responsive and reflective of their needs.
4. Having looked at the proposal and considered this in relation to the community impact, market considerations, resources and staffing implications and financial risks, I believe that sufficient assurances are detailed within the report in order for the Council to proceed.
5. This proposal represents long term, best value for money for the Council and will provide a good standard of service to the affected children and I am therefore asking the Cabinet, after consideration of the officers' report, to approve the recommendation set out below.

**RECOMMENDATIONS**

6. That the formal procurement process for the tendering of Children's Residential Care is formally concluded and no provider will be awarded the contract.
7. That the objectives of the Children in Care Placement Strategy as detailed within this report are agreed.
8. That the Council's externally contracted children's residential home is closed as a result of the unsuccessful competitive tendering process which did not provide best value for the Council and which resulted in unit costs above the Pan-London national average.

9. That as a result of the closure of the home formal approval is given to further extend the existing contract variation from 1 October 2010 to 1 November 2010 in order that the Council has sufficient time to liaise with all partners and adhere to all statutory and legislative requirements.

## **BACKGROUND INFORMATION**

10. Every Child Matters and more recently 'Care Matters' highlight the significant and widening gap between outcomes for children in care and their peers. Care Matters sets out a framework for making further reforms to services for children in care in order to achieve significantly improved outcomes for young people, and improved value for money in all placement options.
11. Whilst it is the aim of Children's Services to ensure that wherever possible children remain living within their own family and community networks there are a significant number who for various reasons need to be looked after by the local authority. A small number of these children remain at home with their parents whilst subject to Care Orders. Of the remainder foster carers look after by far the majority of children looked after.
12. There is however a small but significant number of children and young people who require the specialist provision that can only be found within a residential environment. In Southwark that number currently represents approximately 12% of looked after children, excluding those who are living with their parents.
13. Within this group by far the largest element is comprised of adolescents demonstrating significant behavioural difficulties including at home, in school and in the wider community. Experience shows that many of these young people will require residential provision up to the point where it is appropriate for them to move on to independent or semi-independent living.

## **KEY ISSUES FOR CONSIDERATION**

### **Current Provision – Residential Care**

14. A five year contract for the management of the borough's children's residential homes commenced in 2004. The contract has been extended from the 1 April 2009 to 30 September 2010.
15. At the present time Southwark has seven residential beds in-borough.
16. An additional 32 residential places are purchased from independent providers in different regions as shown in the table below. These figures do not include provision of residential respite care for children with disabilities.

<b>REGIONS</b>	<b>NO. of PLACEMENT</b>
BERKSHIRE	2
CUMBRIA	5
INNER / OUTER LONDON	15
KENT	2
LIVERPOOL	3
EAST SUSSEX	1
SURREY	1
LANCASHIRE	1
SOMERSET	2
<b>TOTAL PLACEMENTS</b>	<b>32</b>

17. External residential placements are spot purchased to meet specific assessed needs, for example mental health or children who have sexually abused other children. Each child will have very focused needs which require a placement with the relevant expertise. Because of the diverse range of specialist requirements, having a block contract is not appropriate and geographic location becomes secondary to accessing what often is a national resource.

### **Tendering Process and Outcomes**

18. The Council undertook a tendering process which adhered to all Contract Standing Order guidelines, and went to the market through a competitive tender exercise in order to procure children's residential services at prices benchmarked against statistical neighbours and within the Pan-London agreement of residential costs.

19. Fifteen organisations responded to the Pre Qualification Questionnaire and eight of these organisations were assessed as being suitable to progress through to the next tender stage and were therefore asked to submit costed proposals against the Tender Documentation. Of these eight organisations two providers submitted costed proposals.

20. Evaluations of both bids confirmed that the employment and particularly pension costs for staff transferring to a new contractor under TUPE would be disproportionately high and that the contract, as it would be configured could not deliver Value for Money for the Council.

21. As a consequence of the unsuccessful procurement process the Children's Services Senior Management Team requested a review of the current service model against the best value principles of cost and quality.

22. This resulted in a temporary halting of the procurement process to allow the department develop a comprehensive Children in Care Commissioning Strategy aligned with the aims and objectives of the 2010-13 Children and Young People's Plan and to include a placement strategy that will set out a new approach to procuring residential placements.

23. The department is now formally requesting that the tender process is now considered as having been completed and that no contract is awarded as the bids that were received did not provide best value for the Council.

## **Proposed Strategy**

24. Meeting the needs and raising the aspirations of Looked After Children is a significant element of the new Children and Young People's Plan (CYPP) developed by the Council and its partners over recent months. Drawing upon the guidance on meeting the sufficiency duty for Children in Care the strategy is likely to include:
- Increasing the availability, capability and diversity of foster placements including more intensive support to enable teenagers with high needs to be cared for in foster families;
  - The development of preferred provider lists, or specific contracts, with Independent Fostering Agencies and Semi-Independent providers to deliver local placements that provide a wider range of individualised care and support options;
  - Incentivising providers to work in partnership with Children's Services to develop more responsive placements that contribute to sustained improvement in outcomes;
  - Developing more effective working protocols between Children's Services, Housing and Supporting People to jointly plan and commission accommodation and support services, making better use of the Council's buying power to drive quality up and costs down.
  - Flexibility and choice to meet the specific needs of individual children.

## **Strategy Implications**

25. Work to date on a more strategic approach to Children Looked After in residential placements has refocused attention upon the existing residential provision. Given its high basic unit cost for non specialist residential provision that can be spot purchased more efficiently the unit no longer provides value for money.
26. As a result, it is proposed that all services provided from 1 November 2010 should cease. This requires an extension of 1 month. The new extension will be from the 1 October 2010 to 1 November 2010 at the existing contract price.
27. This additional time is required in order that the Council can consult and conclude all negotiations with the existing provider and staff and existing children and families in order to ensure the timely cessation of services and the sourcing and transition to alternative provision within the legislative and statutory timeframes required. The additional costs have been identified within the financial concurrent provided.

## **Community impact statement**

28. Under Section 17 (1) of the 1989 Children's Act the Local Authority must provide a wide range of services to children in need and their families in the local area which are appropriate and reflective of their individual needs. Research of current service provision in Southwark and within surrounding boroughs indicates that the withdrawal of the 7 bed residential unit will not adversely impact upon the capacity to provide residential care in adequate quantity to meet the care planning needs of children and young people, including predicted demand and emergencies.

29. The closure of the children's residential home will require the relocation of seven young people to suitable alternative accommodation. Officers will work in close partnership with these young people and their families and the allocated social workers to draw up transition plans well in advance of closure.
30. All the young people's transition plans will be scrutinised by an Individual Reviewing Officer or experienced Social Worker whose role is to chair planning meetings for children in care and to take a particular interest in the wishes and feelings of the young people concerned. These Individual Reviewing Officers are independent of the line management of the service and are part of the Quality Assurance Unit within Specialist Children's Services.
31. Any change of placement will be discussed in good time via the childcare review process. Care planning will also look carefully at the continuity and priority of the education/training of the young people. Given the age profile of the existing cohort either semi-independent living or fostering options will be sourced.
32. Young people across the residential service will be involved and consulted in the development of the Children in Care strategy, including the new, refreshed approach to residential placements.
33. During the proposed three month transition period leading up to the closure on the 1<sup>st</sup> November 2010 there will be an organised programme of regular group meetings with the residents as well as letters to the young people from the Head of Looked After Services explaining the decision and the arrangements for ensuring the young people are fully involved in their future pathway plans.
34. Given the ages of the current young people in the home, most of them will already have a current pathway plan which is preparing for a planned move to a semi independent placement. Semi independent placements are routinely used for young people aged between 13 and 18 years to gradually increase their independence skills whilst providing regular key work support to ensure they are making significant progress.
35. At the beginning of the three month transition process, a review meeting will be held with each young person involving their Link Worker, their allocated Social Worker and Independent Reviewing Officer to develop a detailed preparation plan for the young person moving to their next placement. Where possible these meetings will also involve the young person's parents.
36. The overall programme will be overseen by the standing "Contract Operations Group" which meets monthly to manage all placement plans, discharges and admissions for the home. The Contract Operational Group which has been in place since April 2008 consisting of representatives from Social Care, the Unit, Commissioning and Education Services to ensure all residents are receiving appropriate support, targeted interventions and clear planning arrangements.

## **Market Considerations**

37. The Council believes that even with the loss of this in-borough unit the current mixed economy of residential placement providers will have the capacity to provide services in adequate quantity that can respond to care planning needs of children and young people, including any predicted demand including emergencies.
38. Placing children and young people away from their local communities has obvious disadvantages in terms of integration/reintegration although it must be acknowledged that a significant number of the young people requiring residential care are already displaced from their communities. In addition in many cases young people in care would positively benefit from a degree of distance from local networks and groupings, particularly if they are at risk of antisocial or offending behaviour.
39. All independent providers used by the Council are approved via the Pan-London Network and have an established track record of providing good quality residential care to Southwark young people. Pan-London pays careful attention to issues of quality within the contracting process. They are also subject to inspection by the Commission for Social Care which is the regulatory body for residential care.

## **Resource Implications**

40. To support the potential displaced staff and assist in the transition processes redeployment opportunities within the Council will be assessed and managers will do all they can to ensure that any external redundancies are kept to a minimum, whilst recognising that we have no contractual obligation with the current contractor.
41. The provision of children's residential care remains a statutory duty for the Council. There are a number of significant residential providers who provide residential provision within seven miles of Southwark. Placement in one of these settings will enable young people to still access relevant specialist services provided in Southwark, including special education, mental health, youth offending services and drop in/employment advice provided by the Adolescent and Aftercare Service.
42. The closure would realise a gross revenue saving, alongside a reduction of seven beds in the immediate local area. Resources released through the closure will be used in a more targeted way to spot purchase residential provision for young people.
43. The overall costs of the re-provision of residential care can be met from current resources that have been set aside for Looked After Children's Services. It is also envisaged that by adopting a more robust approach to contract negotiation further economies will be achieved, which will be necessary given the challenging financial climate the council currently faces.
44. Effective care plans for children looked-after are not always enhanced by maintaining close contact with Southwark. Indeed a significant minority of young people currently entering the care system requiring residential provision have issues concerning affiliation to gangs which require them to live outside of Southwark as part of their care plan. However, as the unit costs rise dramatically

with any void places service managers are under some pressure to keep the seven places full. The new arrangements proposed in this report will provide the Children Looked After Service with greater flexibility and placement choice within the immediate South London area whilst delivering financial savings.

**Finance Implications (FH CS9079)**

- 45. A further potential financial benefit would be that no under-occupancy / voids would arise; representing better value for money than the current fixed-led contract.
- 46. There are other factors that need to be considered arising from a decision to close the home. It could lead to an increase in demand for the remaining residential units in the local market and therefore current prices. A robust placement strategy such as the use of preferred providers will need to be in place to mitigate against such risks.

**Finance Director**

- 47. The financial implications are set out in the body of the report.

**Head of Procurement**

- 48. Two of the recommendations contained in this report are seeking approval in relation to procurement decisions. Firstly, to formally end the procurement process without awarding a contract and secondly to extend the existing contractual arrangements with current provider for a further one month period.
- 49. The procurement process to re let the residential homecare services was halted following gateway approval in March 2010. The process had been undertaken in accordance with the procurement strategy and followed best practice; however it led to a situation where the council did not receive any affordable proposals.
- 50. Faced with an unaffordable solution, officers are reviewing alternative arrangements to ensure continuity of service delivery. By extending the existing contractual arrangements this will allow necessary activities to be completed and the required notice period to be given as per the terms and conditions of the contract.

**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
Gateway 2 and Variation documents relating to contract (open)	Children’s Services Commissioning	Chidi Okeke Joint Commissioning Manager

## AUDIT TRAIL

<b>Cabinet Member</b>	Cabinet Member for Children's Services	
<b>Lead Officer</b>	Kerry Crichlow	
<b>Report Authors</b>	Chidi Okeke / Shenis Hassan	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Portfolio Business Manager, Property Services	Yes	Yes
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