

KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:

Cabinet Member for Integrated Children’s Services

DECISION NO:

To be allocated by
Democratic Services

For publication [Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]

Key decision: YES

Key decision criteria. The decision will:

- a) result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or
- b) be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions – which will include those decisions that involve:
 - the adoption or significant amendment of major strategies or frameworks;
 - significant service developments, significant service reductions, or significant changes in the way that services are delivered, whether County-wide or in a particular locality.

Subject Matter / Title of Decision

Regional Residential Procurement Project: “DfE Phase 2”

Decision:

As Cabinet Member for Integrated Children’s Services, I agree to:

- A) Continue engagement in the Project
- B) Participate in the Regional procurement for new innovative services for Complex Looked After Children
- C) Delegate decisions and necessary actions regarding the award of the contract and implementation of the Decision to the Corporate Director for Children, Young People and Education, or other Officer as instructed by the Corporate Director for Children, Young People and Education, in consultation with the Cabinet Member for Integrated Children’s Services.

Reason(s) for decision:

- Decision required because total value of contracts will exceed the threshold for a Key Decision and impact across multiple districts of the Local Authority.

Background:

The Department for Education (DfE) Project “Phase 2” is funded by the Department for Education as part of its “Improving Sufficiency Planning to Increase Stability and Permanence for Looked after Children” Programme and aims to develop a procurement approach and pack for new and innovative provision for looked after children with a particular focus on the following key elements:

- Flexible, creative provision designed to meet the needs of complex children, including options to ‘step across’ various forms of provision (e.g. residential to fostering)
- Keeping children local, as close to their home address as possible
- Working with providers who already offer both residential and fostering services and with small

providers, developing joined up partnerships, enabling movement between each as appropriate to need

- Exploring options for considering lifetime costs for placements, the potential to invest in more intensive early interventions, with a view to improving outcomes and potentially reducing longer term costs
- Including measures of progress for children placed based on assessment at the point of placement (regularly reviewed up until placement end using an evidence-based assessment tool)
- The model will be developed collaboratively between local authorities and providers, finding innovative and creative ways to procure, drawing on relationship commissioning models. It will focus on the competitive advantage to be leveraged by working together, developing better ways to support children and young people.

The scope of the project covers the following:

- Three local authorities (one dropped out in late Spring 2021) and two provider associations in the South East region, who will contribute to the detailed project work and the production of the framework. The three local authorities are Kent, Portsmouth and West Sussex
- Children and young people who are looked after and who have complex needs (and possibly those on the edge of care - as defined by Phase 1 of the project)
- The remaining 15 authorities in the South East (within the SESLIP region) who have an interest in the outcome of the project and who may use the model in the future
- Any provider who may respond to the market consultation process

Kent County Council agreed with the other two local authorities in the profile of children and young people it is most difficult to place and have one or more of the following capabilities:

- Aged between 10 and 16, although needs to include some flexibility
- 70:30 male: female
- Have often experienced exploitation, usually criminal, sometimes sexual
- Have long histories of neglect and exposure to domestic abuse and other forms of childhood trauma
- Sometimes will need to be placed in an emergency

Kent County Council spot purchases residential care and issues an Individual Placement Agreement which details the terms and conditions of the placement along with the Placement Plan for the child.

Within the Kent boundary, there are of 75 residential children's homes with a total of 336 beds. Kent has 42 children placed in Kent (excluding those under the Disabled Children's Teams) as at 30 September 2021. The placements in Kent against the overall capacity shows that KCC occupies 12%. This does not allow KCC to have any leverage within the market and as a result relies on local relationships between the homes and the Total Placement Service. There are a further 33 children (excluding those under the Disabled Children's Teams) placed in residential children's homes outside of Kent.

Options

1. Do Nothing – continue to spot purchase placements in residential children's homes in a market led system
2. Engage in a framework alone without partners – Commissioners developed an approach and in talking to residential providers through a forum saw costs increase.
3. Engage in a regional procurement with partners – utilising the expertise of the South East Sector Led Improvement Programme (SESLIP) and the combined buying power with other local authorities, **this is the recommended option** to be able to re-set a relationship with providers wanting to engage and innovate positively

Financial implications

- Residential care for children is currently costing Kent County Council on average £4,557 per week (accommodation only).
- It is expected that by procuring a service that differs from the standard offer of residential care would benefit from the partnership across the local authorities.
- The project team acknowledges, following the market engagement, that it could take up to 18 months for a new provision to be ready for operation under the new contract terms, although we would be seeking quicker opportunities. With the amount of registered standard children's home provision in the Kent boundary, providers might want to re-purpose their provision in order to meet the Kent need.
- The revenue budget for residential care is reported within the "Looked After Children – Care and Support" key service line. The 2021-22 Financial Monitoring position reported to Cabinet in September, reported a small overspend of £0.2m excluding additional costs of associated with COVID. However, over the past three years the overall budget for the placement of Looked After Children has grown by £9m (16%) whilst the number of children looked after has not changed significantly. The increase in cost has arisen from the higher dependency on more expensive placements such as residential care where the total cost in residential care has increased by £7m over the same period, demonstrating the need to explore alternative options.
- The project is expected to be delivered within the existing resources of the Local Authority including use of expertise across the Directorate, Commissioning and Finance services. There are no extra project costs expected. The commissioning of a block contract is expected to be funded within the existing budget for residential care subject to annual inflationary increases as set out in the contract, which have traditionally been funded by additional investment made available through the Medium-Term Financial Planning process.
- As this is a proof of concept project, delivered in conjunction with the DFE, it is difficult to fully set out the financial implications. It is unclear how the market will react to a block contract however, we are anticipating the average cost of a bed will be more economical than if purchased individually due to the certainty this arrangement will bring to providers. This will need to be offset against any risks of voids (as set out in the risk section below). Therefore, the project will aim at a very minimum to ensure the average cost of bed under this arrangement is not higher than is purchased through the current spot purchasing arrangement, with an aspiration of potential savings up to 10% if a more competitive rate can be achieved. A clearer position will be known following the procurement from all three Local Authorities.
- Based on an expected 15 beds within 24 months and utilising the current average cost, as a maximum this would commit £3.564m per annum. If the contract was for 10 years, as SESLIP are recommending, this would be £30,564m.

Legal implications

- The Children's and Families Act places a statutory duty on the local authority to ensure sufficiency of provision for Children in Care.

Equalities implications

An Equality Impact Assessment (EqIA) screening has been completed and has concluded that the

proposed option does not present any adverse equality impact, although recognises that this project is for a targeted age group (10-16 with some flexibility) and those without disabilities. Children who require residential care will be able to access this through the usual processes, this is a targeted procurement.

Cabinet Committee recommendations and other consultation:

Children, Young People and Education Cabinet Committee considered this at their meeting of 16 November 2021

Any alternatives considered and rejected:

1. Do Nothing – continue to spot purchase placements in residential children’s homes in a market led system – discounted for this project as there is a need to develop new arrangements with the sector and attempt to break the cycle of care for this targeted group of children
2. Engage in a framework alone without partners – Commissioners developed an approach and in talking to residential providers through a forum saw costs increase - discounted for this project as there is a need to develop new arrangements with the sector and attempt to break the cycle of care for this targeted group of children

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

.....
signed

.....
date