

Children in Care Residential Strategy

To: Children and Young People Committee

Meeting Date: 25th June 2024

From: Executive Director for Children, Education and Families

Electoral division(s): Soham North and Isleham and Soham South and Haddenham

Key decision: Yes

Forward Plan ref: KD2024/041

Executive Summary: The Committee is being asked to consider a Cambridgeshire County Council Children in Care Residential Service, delivered by an external provider, through two council-owned properties. The service will mitigate pressures on capacity and budget, as well as offer greater stability for children in care.

Recommendation: The Committee is recommended to:

- a) agree the recommendation to externally commission the delivery of a Cambridgeshire Children in Care Residential Service.
- b) agree the recommendation that a call-off contract will be tendered through a mini competition on Lot 2 of the Children's External Placement p-DPS (pseudo-Dynamic Purchasing System) for the service.
- c) agree to recommend to the Assets and Procurement Committee the use of two council properties, to accommodate the service.
- d) delegate authority for awarding and executing a contract for the provision of the Cambridgeshire Children in Care Residential Service starting 2025 (full date to be confirmed) and extension periods to the Executive Director Children and Families in consultation with the Chair and Vice Chair of the Children and Young People Committee.

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1. Creating a greener, fairer and more caring Cambridgeshire

1.1 The Children in Care Residential Service (the **Service**) supports the following Strategic Framework ambitions:

- **Ambition 1:** Net Zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes.
- **Ambition 4:** People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs.
- **Ambition 7:** Children and young people have opportunities to thrive.

2. Background

2.1 This report is directly associated with the [Draft Children's Residential Services Provision Commissioning Strategy](#), endorsed by the [Children and Young People's Committee \(Item 6\)](#) on 27 June 2023.

2.2 Locally and nationally, there is a growing complexity of need, alongside a lack of local capacity for children and young people with complex needs in crisis. Children and young people are being placed out of county, and the council is continuing with its use of unregistered settings for children in care, as there is at times limited registered options available.

2.3 Demand is outstripping supply; consequently the cost of placements is increasing year on year, resulting in a compromised ability to forecast our budgetary needs accurately. Whilst there are a number of pressures on the placement budget, one of the primary cost drivers is the lack of appropriate registered residential placements for this cohort of children in care.

2.4 Outside of the financial cost, the largest effect is the impact on the child. Placements out of county and in unregistered settings often offer little stability for children and young people, and they are unable to sustain connections with family, friends, and the local community.

2.5 In order to respond to need and mitigate pressures in a sustainable way, change is required. A Service is proposed for children and young people who present with the most complex needs, through two council-owned properties.

2.6 The following are the intended and anticipated outcomes of a Service:

Outcomes for children and young people in care accessing the Service

- Children and young people with complex needs accessing the Service will access a registered service with appropriate support specific to their needs.
- Children and young people in the Service will be placed within Cambridgeshire rather than out-of-county, therefore more able to benefit from greater stability through retaining connections with their community, family, and friends.
- The children and young people living in the Service can access local resources.
- The Service will be able to contribute to longer term plans for the children and young people, creating positive outcomes for children and young people accessing the Service.

Outcomes for service delivery:

- To increase placement availability within Cambridgeshire for this cohort of children and young people.
- To reduce the use of unregistered placements and services for children and young people in care.
- To reduce the overspend of the children’s placement budget.
- To create a provision that is solely for the use of Cambridgeshire children and young people in care.
- To positively use two previously unused council assets.

3. Main Issues

- 3.1 A detailed options appraisal for the delivery of the Service was taken to the Cambridgeshire Corporate Leadership Team via the Corporate Change Board on 31 May 2024.
- 3.2 The Corporate Leadership Team have endorsed the recommendation for an externally commissioned delivery of a Service.
- 3.3 The table below and further report information provides a summary of the options appraisal:

| Options | Benefits and outcomes | Challenges and risks | Financial implications |
|---|--|--|---|
| Option 1: Do Nothing | <ul style="list-style-type: none"> • There are no benefits gained from a ‘do nothing’ model where the current delivery of children in care residential placements remains the same. | <ul style="list-style-type: none"> • Lack of local placement capacity • Children in care placed out of county • Children in care placed in unregistered settings • Placement costs higher than allocated budgets | <p>The cost of placements is increasing year on year, resulting in a compromised ability to forecast our budgetary needs accurately.</p> <p>There is no cost avoidance/ savings associated with this option.</p> |
| Option 2: Externally commissioned delivery | <ul style="list-style-type: none"> • A partnership approach with the registered provider and leaders of the Service to support with matching and addressing the needs of the young people within the Service. • No workforce liability, as this will sit with the commissioned provider. • Contractual arrangements will ensure | <ul style="list-style-type: none"> • Costs submitted by providers through the tender process may be significantly higher than expected through market engagement, meaning the anticipated cost avoidance/ | <p>Financial analysis based on current placement costs and market engagement has highlighted:</p> <ul style="list-style-type: none"> • This option does not deliver a saving if we use it for low needs children in care. • CCC could |

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| | <p>quality and performance levels are maintained.</p> <ul style="list-style-type: none"> • Faster mobilisation of workforce and service design and delivery. • An external provider would already have necessary practices, procedures, and policies written and established to set up a Cambridgeshire service. • A provider with a track record of delivering support and services to children with high needs. • The reduction of unregistered placements for the council. | <p>savings would not be as calculated.</p> <ul style="list-style-type: none"> • Tendered providers may not provide the level of therapeutic care and support required for the children. • The Service will not be as close to senior decision-making processes to pre-empt and/ or respond to a crisis. | <p>externally commission a high needs service and generate an annual cost avoidance upwards of £638,976.</p> |
| <p>Option 3: In-house delivery</p> | <ul style="list-style-type: none"> • Increased control and quality assurance over the running of the Service. • Council would not be at risk of a service provider becoming insolvent or terminating a contract. • The council would be the decision maker for all aspects of the Service. • Children would access wrap around support from the councils clinical and therapeutic service. • The reduction of unregistered placements for the council. | <ul style="list-style-type: none"> • The council does not have recent experience of setting up or delivering a children in care residential service, nor does it have any of the required policy or procedural documentation to support the process. • It is expected that an in-house delivery will take considerably longer to set up than an externally commissioned service. • CCC will hold all service design, delivery, and financial risk. • There is a known challenge with the recruitment and retention of | <p>Financial analysis based on current placement costs and the expected costs to staff and run an in-house service has highlighted:</p> <ul style="list-style-type: none"> • There is no saving/ cost avoidance that can be made through an in-house service if it accepts low needs children in care. • CCC could run an in-house, high needs service and generate a cost avoidance of up to £438,984 (looking after three children) per annum. |

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| | | <p>CiC residential staff, which the council does not have experience with.</p> <ul style="list-style-type: none"> • CCC will be responsible for Ofsted and safeguarding requirements. | |
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3.4 Benefits and outcomes

3.4.1 The externally commissioned delivery option delivers the greatest benefits to the council. For a provider to successfully submit a tender they would have to demonstrate experience and a proven track record of setting up and running a children in care residential service. Their record would need to demonstrate that they are able to provide care and support to children and young people with complex needs.

3.4.2 A partnership contracting arrangement between the council and the contracted provider would enable strong links with council services and support with placement matching and addressing the needs of the young people within the Service. A partnership approach will also mean that the council/ Corporate Parenting service within the council is able to work with the provider to build in links with our internal Fostering service, clinical team, and support with reunification back into the family home where appropriate.

3.5 Challenges and risks

3.5.1 The externally commissioned delivery option presents the lowest risk to CCC. The delivery risk is lower with the commissioned option due to providers having experience of the registration process with Ofsted for the set-up of the homes, experienced managers and staff they can transfer to the service, experience of recruitment and retention of staff, as well as running the homes and caring for the children with complex needs. A newly developed in-house service will not have this experience. Any risks for tendering the service and managing bids will be mitigated jointly by Procurement and Children’s Commissioning.

3.5.2 The in-house risks would be considerable and challenging to mitigate as a new service to set up, deliver, and operate, in the time frames required in relation to our financial position. The council would hold the risk for the Ofsted inspections and safeguarding, as well as the full financial risk, and would have to manage these effectively. Whilst these risks can be mitigated, they cannot be mitigated in the same way as the commissioned option through internal quality assurance processes and monitoring arrangements.

3.5.3 Financial risks exist for both options, however with the commissioned model there will be greater cost certainty through the contracting arrangements via a price cap when the service is tendered, whereas with the in-house model all cost and performance risks sit with the local authority.

3.6 Financial implications

3.6.1 As of March 2024, the council are paying an average cost of £16,596 per child per week for an unregistered placement, down from the average cost in October 2023 when it was £19,545. However, in some cases the cost per child per week can be significantly higher.

3.6.2 As per the table in 3.3, the option to do nothing and to keep the service delivery the same, would offer no savings or cost avoidance. Option 2, to externally commission the delivery of the service, could generate an annual cost avoidance upwards of £638,976. Option 3, to deliver the service in-house, would generate a cost avoidance of up to £438,984. This would be in relation to looking after 3 complex needs children and young people per annum.

3.6.3 From a financial perspective it is recommended that Option 2, a commissioned high need service is progressed, as it will offer the greatest cost certainty and the highest range for cost avoidance.

3.7 Timescales

3.7.1 The externally commissioned delivery model offers the council the quickest timescale for the set up and delivery of the Service. An external provider would have experience of mobilising services in a much shorter timeframe, anticipated between 6-9 months post contract award. An externally commissioned provider would have access to experienced management and senior staff, policies and procedures, and an in depth understanding of the Ofsted registration process.

3.7.2 Member approval will be requested at the September Assets and Procurement Committee for the use of the two council-owned properties. Once the A&P committee have agreed the new use of the properties, tenders will go live for the refurbishment costs and the externally commissioned service delivery.

3.8 Service delivery for an externally commissioned delivery model

3.8.1 A call-off block contract will be conducted on Lot 2 of the Children's External Placement p-DPS (pseudo-Dynamic Purchasing System) to tender the Service. This would allow the council to deliver the service in a shorter period of time, as providers are already approved on the pDPS, and all Terms & Conditions have been agreed in advance. The development of this Service to be tendered through the pDPS will also allow for the supplier to be appropriately managed with regard to the maintenance of the building. From a financial

perspective, a price cap will be agreed for the tender exercise for the submission of provider bids to ensure value for money.

- 3.8.2 Engagement with the external provider market, through two market engagement events, have demonstrated that there would be significant interest in running a children in care residential service from council-owned properties. To create a sustainable service offer, address the local demand, and provide stable and secure placements, a five-year initial contract with an optional extension of two (2) + two (2) + one (1) years is proposed.
- 3.8.3 As an externally commissioned service, the Service would be contract managed by the Children's Commissioning team. The Service would be quality assured through monitoring meetings, monthly Reg.44 Visitors, and Ofsted inspections.

3.9 Use of council assets for the delivery of the service

- 3.9.1 The Service will be run through two council-owned properties, which have been reviewed as suitable for the delivery of the Service. Both locations have been assessed by senior social care colleagues as well as discussed with potential external providers through market engagement, and are in locations with appropriately large outdoor space for the children and young people.
- 3.9.2 The properties will require refurbishment works to ensure they are appropriate for service use. All implications from an asset perspective will be presented to the Assets and Procurement Committee for approval in September 2024.
- 3.9.3 Whilst the two properties will be refurbished by the council, they will be maintained by the externally commissioned provider, including responsibility for damages. Property requirements will be set out in detail within the service specification and property lease arrangement.
- 3.9.4 The delivery of the service through the two council-owned properties will positively utilise two previously unused council assets.

4. Alternative Options Considered

- 4.1.1 Do nothing. This is not a viable or recommended option based on the current position of capacity to meet need for our children and young people in care, the increasing use of unregistered settings for placing children and young people in care, and the financial and budgetary impact of the current arrangements.
- 4.1.2 In-house delivery of a Service. The in-house risks would be considerable and challenging to mitigate as a new service to set up, deliver, and operate. An in-house service would not have the relevant skill set and experience to work with the children and young people with the most complex needs from the implementation of the service, as is the requirement of this Service.

5. Conclusion and reasons for recommendations

- 5.1 In order to mitigate against the current position of capacity to meet need for our children and young people in care, the increasing use of unregistered settings for placing children in care, and the financial and budgetary impact of the current arrangements, change is required for the increased availability of residential homes for our children in care.
- 5.2 A Service will mitigate the current challenges, and the delivery of the Service through the two council-owned properties will positively utilise two previously unused council assets.

6. Significant Implications

6.1 Finance Implications

Financial implications have been set out in this report in section 3.6.

6.2 Legal Implications

Pathfinder Legal have been consulted and advised on property planning implications. Recommendations from Pathfinder Legal are being taken forwards by our Property service. Further legal implications have been set out in this report in section 3.8.

6.3 Risk Implications

Risk implications have been set out in this report in section 3.5.

6.4 Equality and Diversity Implications

There are no negative implications for equality and diversity. The Children in Care Residential Service will provide positive outcomes for children and young people with care experience. A completed and approved Equality, Impact Assessment (EqIA) can be requested with the reference CCC608779755.

6.5 Climate Change and Environment Implications (Key decisions only)

- Implication 1: Energy efficient, low carbon buildings.
Status: Positive
Explanation: Any changes to the two council properties used for the service will take into consideration the council's net zero ambitions.
- Implication 2: Low carbon transport.
Status: Positive
Explanation: Transport use from social care will reduce due to children and young people being placed in Cambridgeshire.
- Implication 3: Green spaces, peatland, afforestation, habitats and land management.
Status: Neutral

Explanation: There is not impact relating to this tender

- Implication 4: Waste Management and Tackling Plastic Pollution.
Status: Neutral
Explanation: There is limited opportunity to make a significant difference
- Implication 5: Water use, availability and management:
Status: Neutral
Explanation: There is limited opportunity to make a significant difference
- Implication 6: Air Pollution.
Status: Neutral
Explanation: There is limited opportunity to make a significant difference
- Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.
Status: Neutral
Explanation: There is limited opportunity to make a significant difference

7. Source Documents

7.1 None