

Title of Report:	Children's Services - External Placements
Report to be considered by:	Executive
Date of Meeting:	8 May 2014
Forward Plan Ref:	EX2827

Purpose of Report: To identify alternatives to the current external placement arrangements.

Recommended Action:

1. To consider the benefits of an 'invest to save' opportunity in respect of recruiting additional foster carers and implementing a 3 tier foster carer model.
2. To move responsibility for the commissioning and contract management of external placements out of Children's Services and into Care Commissioning, Housing & Safeguarding.
3. To engage with suitable providers to work up a business case for developing residential services for looked after children within West Berkshire.

Reason for decision to be taken: To enable action to be taken to both improve outcomes for looked after children and reduce unit costs.

Other options considered: None

Key background documentation: None

The proposals contained in this report will help to achieve the following Council Strategy priority:

CSP1 – Caring for and protecting the vulnerable

The proposals will also help achieve the following Council Strategy principles:

CSP5 - Putting people first

CSP8 - Doing what's important well

Portfolio Member Details	
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Date Portfolio Member agreed report:	18 March 2014

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Implications

- Policy:** No changes to existing policies have been identified. The focus of this proposal is in keeping with the Council's policy objective of improving outcomes for children.
- Financial:** The report recommends a number of changes that should, over time, reduce costs. Detailed modelling of the expected costs and savings has been provided as Appendices A and B.
- Personnel:** The proposals would involve an increase in overall staffing.
- Legal/Procurement:** The report recommends changes to the way external placements are procured and the resulting contracts managed. Procurement and Legal support will be required at key stages.
- Property:** The report recommends exploring market development opportunities for establishing small residential units for children within West Berkshire. This may involve using existing properties for that purpose.
- Risk Management:** None

Is this item relevant to equality?	Please tick relevant boxes	
	Yes	No
Does the policy affect service users, employees or the wider community and:		
• Is it likely to affect people with particular protected characteristics differently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Is it a major policy, significantly affecting how functions are delivered?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Will the policy have a significant impact on how other organisations operate in terms of equality?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to an area with known inequalities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)		
Relevant to equality - Complete an EIA available at www.westberks.gov.uk/eia		<input type="checkbox"/>
Not relevant to equality		<input checked="" type="checkbox"/>

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
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Executive Summary

1. Introduction

- 1.1 External Placements are where the Council has to place a Looked After Child with an independent fostering agency (IFA), a residential children's home, a residential school or a specialist residential unit and not with the council's own in-house foster carers.
- 1.2 External placements are often not in the interests of the child or young person. Many are outside the WBC area, taking a child away from his or her family can be compounded by also removing them from their local community. They can make contact with family/friends more difficult, disrupt education and make it harder to progress plans to meet their long term needs, There is also strong evidence that children placed further afield are more vulnerable to abuse and exploitation.
- 1.3 The costs of such external placements vary enormously and in most cases, external placements do not provide the best outcome for the child involved.
- 1.4 The number and cost of these external placements creates significant budget pressures for Children's Services

2. Proposal

- 2.1 The primary aim of this proposal is to improve outcomes for children and young people by expanding the availability of local good quality foster placements. It has the additional benefit of helping us to potentially reduce costs in this area.
- 2.2 There are a number of approaches that can be taken to control costs in this area but, putting the needs of the child first, clearly reducing the number of external placements should be the primary aim.
- 2.3 In order to reduce the need for expensive external placements, it is proposed that the Council look for a model that enables the Council to retain a small number of very highly skilled 'Intensive' foster carers. These 'Intensive Retained' foster carers would be paid an allowance every week of the year, whether they had a child in their care or not; would be provided with an extensive training programme and an extensive support network would be put in place for them.
- 2.4 The difference in the average cost of a council foster carer and the cost of a placement with an independent fostering agency would suggest that there is also a potential 'invest to save' opportunity around simply increasing the number of in-house foster carers.
- 2.5 Whilst the aim will be to reduce the number of external placements it would not be possible to eradicate them totally as there will be occasions where the needs of a particular young person can only be met in such a setting. It is recognised that Children's Services does not have the required procurement and contract management expertise and therefore this report proposes that activity is transferred to Care Commissioning, Housing & Safeguarding, subject to training of that team to better understand children and family placement requirements.

2.6 The final proposal relates to undertaking some market development work in order to try to establish some more local specialist residential provision. There is a hidden yet significant cost of having to manage young people who are placed outside the district across the UK.

3. Summary

3.1 The number of looked after children has increased in recent years and that may well continue.

3.2 If we are to secure good outcomes for the children and at the same time reduce our average unit cost then we need to make significant changes to the current arrangements.

Executive Report

1. Introduction

- 1.1 External Placements are where the Council has to place a looked after child with an independent fostering agency (IFA), a residential children's home, a residential school or a specialist residential unit.
- 1.2 Coming into public care is a traumatic and difficult experience for most children who experience it. This trauma can be significantly compounded if the foster placement or children's home is a significant distance from the child's home. It is critical that children are able to have regular contact with their family and friends; this is more challenging when children are placed at distance. External placements often also require a change of school for a child which is disruptive to both their educational and social needs. Placing children out of the area also makes it more difficult for social workers to visit and form positive working relationships with children, these relationships are critical to progressing plans in a timely way that meets the child's needs. There is also strong evidence that children placed out of area are more vulnerable to exploitation and abuse.
- 1.3 The costs of such external placements vary enormously, currently between £114k per annum and £287k per annum. As well as being high cost, the residential placements are spread across the country and therefore result in significant indirect costs particularly in respect of staff time and expenses because regular contact between children and their social workers is a necessary part of good care.
- 1.4 Placing some children in other parts of the country is by choice due to their particular circumstances but for others it is simply as a result of there being no suitable facilities within West Berkshire.
- 1.5 External placements create significant budget pressures for Children's Services and do not generally secure the best outcome for the child involved.
- 1.6 Currently there are 159 looked after children, whilst this number can fluctuate on a daily basis the recent trend is clearly upwards. The following figures show the number looked after on the 31st March of each of the last 3 years;
- 123
 - 124
 - 144
- 1.7 The Council has 60 long term and short term foster carers. In addition there are currently 16 'connected person' carers. The Council has two levels of foster carers, level 1 being 'basic' and level 2 being 'fostering plus'. 'Fostering plus' applies when a young person has certain behaviours or requirements that place significant additional responsibilities on the foster carer.
- 1.8 Foster carers are only paid for periods when a young person has been placed with them. The standard weekly payments to a foster carer range from £224 to £381 depending on the age of the child. This increases to between £389 and £585 per week when 'fostering plus' applies. At the time of writing this report there were 13 'fostering plus' placements.

1.9 It is also worth noting the government's recent announcement that fostering arrangements should continue until the young person reaches the age of 21. This will put increasing pressure on the number of available in-house foster carers as the young person will stay with their foster carer for up to 3 years longer. The early indications are that the government intends to meet the cost of this change but clearly until funding levels are known this should be treated with some caution. A separate report covering this issue is being prepared for consideration by Management Board.

2. Reducing the number of external placements

2.1 There are a number of approaches that can be taken to control costs in this area but, putting the needs of the child first, clearly reducing the number of external placements should be the primary aim.

2.2 In order to reduce the number of external placements the Council would need to have a larger number of foster carers and in particular a new group of foster carers who have the special skills needed to look after more of the most challenging children. At present the demand for foster carers means that we are always hovering around 'full' and we do not have any foster carers with the required very high level of skills that would prevent some children from having to be placed via an IFA and / or outside the district.

2.3 Having considered a number of models the preference is to follow an approach that has been successfully trialled elsewhere. This involves the recruitment of a small number of 'Intensive Retained' foster carers who would be provided with extensive training and then supported by multi-agency teams when a more challenging child is placed with them.

2.4 Standard foster carers would, as at present, only be paid when a child had been placed with them. The proposed new 'Intensive Retained' foster carers would continue to be paid their weekly allowance even during periods when no child had been placed with them. Such periods are expected to be infrequent; indeed a very quick consideration of the children currently placed externally identified a significant number that could be suitable for placement with these 'Intensive Retained' foster carers.

2.5 The process for recruiting new foster carers does take a long time and therefore, unless any existing foster carers were suitable to move to these higher level roles, it would be around 9 to 12 months before we might be in a position to start bringing children back from external placements. There would also need to be additional investment in the fostering service in order to create the capacity to recruit this new type of foster carer whilst as least maintaining the current rate of standard foster carer recruitment.

2.6 The average annual cost of a placement with a council foster carer is £17k compared with over £42k for a placement with an independent fostering agency (this figure does include around £4k to pay for Social Worker support for the foster carer). This would suggest that there is merit in submitting an 'invest to save' case around foster carer recruitment.

2.7 It is apparent that with the Government intervention and new regulations for Fostering & Adoption that the IFA's and other non Local Authority agencies have

received increased funding and impetus to expand. These agencies are now aggressively using media advertising to recruit in our geographical area. Currently we have 4 IFA's and two neighbouring councils advertising in West Berkshire. With strong brand building and presence in the past we are still holding our own at present, but this is likely to change if we do not re-think our recruitment and retention strategy in the very near future.

- 2.8 Consideration has been given to the option of increasing our in-house fostering capacity through the acquisition of one or more local IFA's. This option is not being pursued at this time as our local IFA's are very small and even if we were able to acquire 2 or 3 of them they would not provide that step change in capacity. This could be achieved by acquiring a larger regional company but that would present issues around placing children further away and the costs involved in supporting both the child and the carers.
- 2.9 Action is also being taken to modernise the adoption service and a separate report is making its way through the Council's approval process. Clearly anything that reduces the time a child spends being looked after by the Council is a good outcome for the child and reduces the financial pressure on fostering and other placement costs.

3. Commissioning and Contract Management

- 3.1 Whilst the proposed changes to the foster care arrangements should reduce the number, there will always be a need for external placements. This need may arise from having a looked after child with very complex needs or simply from a spike in the number of look after children.
- 3.2 It is accepted by Children's Services that they do not have procurement and contract management expertise within the service. As a result the procurement process followed does not always deliver the best financial outcome possible.
- 3.3 The contractual arrangements tend to be based on an agreement produced by the supplier rather than on terms dictated by the Council. It does have to be borne in mind that, whilst they can be very expensive, the council does not buy a significant number of new external placements each year and that limits its buying power. The number of providers of specialist residential units for children is also small and this clearly impacts on our ability to dictate terms of business.
- 3.4 Once an external placement is made it is important that the contract is managed in order that costs do not escalate and any reductions due materialise.
- 3.5 It is proposed that the procurement and contract management functions for Children's Service's external placements transfers to Care Commissioning, Housing and Safeguarding. This service already manages the commissioning and contract management for Adult Social Care and has the required expertise to deal with the requirements of Children's Services, subject to training around the specific needs of children and family placements.
- 3.6 The number of new cases to be managed each year is low and it is not proposed that any resources transfer between the two services. This change does fit in with the Communities Directorate aim of moving to a single procurement hub as part of greater integration throughout the directorate.

4. Market Development

- 4.1 There are very limited suitable residential facilities for children in West Berkshire.
- 4.2 Whilst there are occasions when placing a child in a residential establishment a long distance from their home may be entirely appropriate, clearly for the majority it would be preferable to place them in facilities close to their homes. In the majority of cases the child would benefit from more frequent contact with their family.
- 4.3 There are significant costs incurred when supporting a child placed in other parts of the country. The Council is required to maintain regular contact with the child and undertake reviews of their progress. Apart from the obvious travel and other expenses, the amount of staff time lost on travelling has a real impact on the capacity of the service.
- 4.4 Care Commissioning, Housing and Safeguarding have considerable experience of developing the market for Adult Social Care services. This includes ensuring that the required facilities (Nursing Homes, Care homes, Extra Care Housing etc.) are available within the area. It is proposed that they undertake similar work for Children's Services to identify the feasibility of encouraging the good residential unit providers to develop facilities in our area.

5. Financial Arrangements

- 5.1 The following table provides a snapshot of the number and annual cost of the current placements. It should be noted that these placements are subject to frequent change and that children can move between residential and fostering.

	Number of Children	Costs £	Average Cost £
WBC Foster Carers	66	1,131,449	17,143
WBC Foster Carers Plus	13	336,351	25,873
Connected Persons Foster Care	16	206,000	12,875
Independent Fostering Agencies	27	1,157,000	38,602*
Residential Children's Homes	9	1,862,000	206,889
Disability Support with Residential Education	5	889,000	177,800
Placed for Adoption or Living with Parents	7	0	0
Other**	16	46,000	2,875
Total	159		

NB

* The cost of an IFA placement includes the provision of social workers to support the Foster Carer therefore for comparison purposes this figure has been reduced by £4,250.

***"Other" includes lodgings, residential employment, living independently, respite only, young offender institutions and those receiving some disability support whilst living with parents.

- 5.2 Initially the aim would be to recruit 6 'Intensive Retained' foster carers. They would receive an allowance equivalent to the highest 'fostering plus' weekly rate, currently £585 (£30,504 per annum). The payments would continue even in the event of no child being placed with them. These 6 'Intensive Retained' foster carers would therefore cost a total of £183k per annum.
- 5.3 The saving would arise by removing 3 children from Independent Fostering Agencies and a further 3 from residential settings. An initial review of the current residential placements suggests that identifying 3 children suitable for placement with the higher skilled foster carers would not be difficult. However, clearly the cohort of children changes frequently so the cost modelling has looked at two scenarios. The first (Appendix A) considered a 'most likely' scenario where we have the 6 'Intensive Retained' foster carers taking 3 children that would otherwise be in residential setting (lowest cost placements used) and 3 children who would otherwise be placed with IFAs. The second scenario (Appendix B) looks at a 'worst case' with the 6 'Intensive Retained' foster carers just taking 6 children who would otherwise be placed with IFAs.
- 5.4 As highlighted in 2.6 above there does also appear to be a strong financial case for investing in the recruitment of more foster carers. Recruiting an additional 6 standard foster carers each year would appear to offer gross savings in the region of £154k in the first full year, a figure that would increase by £154k in each subsequent year.
- 5.5 The Family Placement Team would need additional resources in order to be able to both recruit more foster carers and recruit 'Intensive Retained' foster carers for the first time. The advertising budget would need to be increased by £20k, currently just £21k. A training programme and supporting materials would need to be developed for the new level of foster carers, this would be a one-off cost of £25k. Both the Social Workers and Family Support Worker teams would need to be increased by 1.0 fte for every 10 to 12 additional foster carers engaged, this would be a cost of £78k per annum each time that tipping point was reached.
- 5.6 There would be additional costs incurred in ensuring appropriate professional support arrangements were in place for these 'Intensive Retained' foster carers. At present the key support is provided by the Looked After Children Education Support Team (LACES), this is a virtual team consisting of specialists from a number of disciplines that support both carers and schools. If we were to both increase the number of foster carers and introduce the 'Intensive Retained' foster carers this team would need to be strengthened. The costs are expected to be in the region of £40k per annum.

- 5.7 The changes outlined above would require a net investment in the first year but deliver significant cost reductions in the following years. A summary of costs and expected savings over a 4 year period has been provided as Appendix A.
- 5.8 Whilst we fully expect the introduction of the 'Intensive Retained' foster carers to enable a reduction in the number of external residential places, it is important to consider the invest to save proposal on a worst case basis. A summary of costs and savings for that scenario has been provided as Appendix B.
- 5.9 The trend for the numbers of LAC over the last few years has clearly been upwards and the impact of the 'staying put' changes will be to take some supply out of the market initially. However there is of course a small possibility that LAC numbers reduce. If that were to be the case and we find ourselves with more foster carers than we require then arrangements already exist for that spare capacity to be 'sold' to other Councils. Clearly with 27 children currently placed with the more expensive IFA we are some years away from having an over supply of in-house foster carers.

6. Summary

- 6.1 The number of looked after children has increased in recent years and that trend looks set to continue.
- 6.2 If we are to provide good outcomes for the children and at the same time reduce our average unit cost then we need to make significant changes to the current arrangements.
- 6.3 Doing nothing is very likely to result in costs continuing to rise as in order to meet our statutory duties we will need to buy an increasing number of external placements be they with an IFA or in expensive residential units.
- 6.4 Implementing the changes recommended in this report would provide the best opportunity to both control costs and improve outcomes for looked after children.

Appendices

Appendix A - Invest to Save cost model based on expected outcomes

Appendix B - Invest to Save cost model based on worst case scenario

Consultees

Local Stakeholders:

Officers Consulted: Mark Evans - Head of Children's Services
Sandi Dopson - Service Manager, Children Services
Shannon Coleman-Slaughter - Finance Manager
Corporate Board

Trade Union: n/a

Expected Outcome

Year 1			
	Costs	Savings	Net
	£	£	£
Increased advertising budget	20,000		
Development of training programme	25,000		
Social Worker 1.0 FTE & Family Support Worker 1.0 FTE (part year only)	39,000		
Social Media Administrator	30,000		
LACES Team (part year only)	20,000		
Total	134,000	0	134,000
Year 2			
	Costs	Savings	Net
	£	£	£
Increased advertising budget	20,000		
Social Worker 1.0 FTE & Family Support Worker 1.0 FTE	78,000		
Social Media Administrator	30,000		
6 additional in-house foster carers	103,000		
6 new Intensive Retained foster carers	183,000		
Reduction of 9 IFA placements		-385,000	
Reduction of 3 residential placements		-447,000	
LACES Team	40,000		
Total	454,000	-832,000	-378,000
Year 3			
	Costs	Savings	Net
	£	£	£
Increased advertising budget	20,000		
Social Worker 1.0 FTE & Family Support Worker 1.0 FTE	78,000		
Social Media Administrator	30,000		
12 additional in-house foster carers	206,000		
6 new Intensive Retained foster carers	183,000		
Reduction of 15 IFA placements		-643,000	
Reduction of 3 residential placements		-447,000	
LACES Team	40,000		
Total	557,000	-1,090,000	-533,000
Year 4			
	Costs	Savings	Net
	£	£	£
Increased advertising budget	20,000		
Social Worker 2.0 FTE & Family Support Worker 2.0 FTE	156,000		
Social Media Administrator	30,000		
12 additional in-house foster carers	206,000		
6 new Intensive Retained foster carers	183,000		
Reduction of 21 IFA placements		-900,199	
Reduction of 3 residential placements		-447,000	
LACES Team	80,000		
Total	675,000	-1,347,199	-672,199
Total for 4 year period	1,820,000	-3,269,199	-1,449,199

Worse Case - No reduction in children in expensive residential placements

Year 1			
	Costs	Savings	Net
	£	£	£
Increased advertising budget	20,000		
Development of training programme	25,000		
Social Worker 1.0 FTE & Family Support Worker 1.0 FTE (part year only)	39,000		
Social Media Administrator	30,000		
LACES Team (part year only)	20,000		
Total	134,000	0	134,000
Year 2			
	Costs	Savings	Net
	£	£	£
Increased advertising budget	20,000		
Social Worker 1.0 FTE & Family Support Worker 1.0 FTE	78,000		
Social Media Administrator	30,000		
6 additional in-house foster carers	103,000		
6 new Intensive Retained foster carers	183,000		
Reduction of 12 IFA placements		-513,000	
LACES Team	40,000		
Total	454,000	-513,000	-59,000
Year 3			
	Costs	Savings	Net
	£	£	£
Increased advertising budget	20,000		
Social Worker 1.0 FTE & Family Support Worker 1.0 FTE	78,000		
Social Media Administrator	30,000		
12 additional in-house foster carers	206,000		
6 new Intensive Retained foster carers	183,000		
Reduction of 18 IFA placements		-771,000	
LACES Team	40,000		
Total	557,000	-771,000	-214,000
Year 4			
	Costs	Savings	Net
	£	£	£
Increased advertising budget	20,000		
Social Worker 2.0 FTE & Family Support Worker 2.0 FTE	156,000		
Social Media Administrator	30,000		
12 additional in-house foster carers	206,000		
6 new Intensive Retained foster carers	183,000		
Reduction of 24 IFA placements		-1,028,000	
LACES Team	80,000		
Total	675,000	-1,028,000	-353,000
Total for 4 year period	1,820,000	-2,312,000	-492,000