



**CABINET – 6 JULY 2018**

**CHILDREN'S INNOVATION PARTNERSHIP**

**REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY SERVICES**

**PART A**

**Purpose of the Report**

1. The purpose of the report is to seek the Cabinet's agreement to the development of a 'Children's Innovation Partnership', which would see the County Council co-design and co-deliver children's care services with a partner organisation, and to authorise the Director of Children and Family Services to undertake work on the first stage of the project including Invitation to Tender.
2. The proposals have been developed through the Council's emerging Care Placement Strategy which will aim to take a 'whole system' approach to care placements for children and young people (i.e. from first connection with the care system through to leaving care).

**Recommendations**

3. It is recommended that -
  - (a) That the formation of a Children's Innovation Partnership as outlined in the report be approved;
  - (b) That the Director of Children and Family Services be authorised to publish an Invitation to Tender to form a Children's Innovation Partnership with the Council;
  - (c) That a further report be submitted to the Cabinet in autumn 2018 on the outcome of the Invitation to Tender and chosen provider.

**Reasons for Recommendation**

4. The Council needs to develop a more efficient, and cost-effective approach to the provision of care placements for children and young people and would greatly benefit from the expertise of an external organisation to deal with the challenges.

5. Authorising the Director to proceed with the work to develop the Children's Innovation Partnership will enable this to proceed at the earliest opportunity (the cost being met through existing resources). A report to the Cabinet meeting in the autumn would outline progress with this work and present the associated Care Placement Strategy, currently in development.

### **Timetable for Decisions (including Scrutiny)**

6. Subject to the Cabinet's approval the Invitation to Tender would be published on 31 July.
7. A further report will be submitted to the Cabinet in the autumn regarding progress with the first stage of work and presenting the final Care Placement Strategy for approval.
8. The Children and Families Overview and Scrutiny Committee will receive a report at its meeting in the autumn.

### **Policy Framework and Previous Decisions**

9. The Children's Innovation Partnership will work within the Children and Family Service (CFS) Policy Framework which includes The Children and Family Services Continuous Improvement Plan (The Road to Excellence 2017-2012) arising from the Ofsted Single Inspection Framework in 2016, which has identified areas for change and the need for key strategies to be developed in order to improve outcomes and impact for children and young people.
10. There are a number of national and local drivers which underpin the need for Local Authorities to look innovatively at what is being delivered in relation to children in care. Some of the national drivers are embedded in the legislation, "Working Together – 2015", and a national focus on child deaths, a focus on adoption and permanence; all in the context of a national and local programme of austerity and funding reductions.

### **Resource Implications**

11. The County Council's Medium Term Financial Strategy (MTFS) sets out that £54m savings need to be realised across the Authority by 2020/21, of which £6.47m needs to be achieved in children's social care services.
12. The precise financial arrangements to support the Partnership will be identified as the Partnership is developed, following the contract award a design phase will be undertaken to determine the initiatives that will be delivered by the Partnership and how they will be resourced.
13. All activities to be delivered through the Partnership will be approved through business cases and plans that will consider cost using intelligence from internal delivery costs, national benchmarking data and external provider market costs where available and outcomes for children and young people. The identified partner will contribute to a care offer that will ensure outcome focused value for money provision and may include co-investment in services.

14. The Director of Corporate Resources and the Director of Law and Governance have been consulted on the content of this report.

**Circulation under the Local Issues Alert Procedure**

15. None.

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## **PART B**

### **Background**

#### **Current Position**

16. Local authorities have an overarching responsibility for safeguarding and promoting the welfare of all children and young people in their area. They have a number of statutory functions under the 1989 and 2004 Children Acts which make this clear. This includes a unique responsibility to the children they look after and their care leavers (referred to as relevant and former relevant children). In this context local authorities are often referred to as being the 'corporate parent' which means the collective responsibility of the council, elected members, employees, and partner agencies, for providing the best possible care and safeguarding for the children who are looked after (Looked After Children – LAC) by the council. In this context local authorities are often referred to as being the 'corporate parent' which means the collective responsibility of the council, elected members, employees, and partner agencies, for providing the best possible care and safeguarding for the children who are looked after by the council.
17. Nationally the number of LAC, including those in foster care, has been steadily increasing in recent years, with local authorities struggling to provide placements for children in their areas, and the unaccompanied asylum-seeking children arriving in the UK putting further pressure on the care system. Thousands more foster-carers are needed.
18. Independent fostering agencies (IFAs) play a vital role but placements with IFAs can be at considerably higher cost than those provided by local authorities, often costing twice as much as an in-house placement. The independent market itself does not have enough capacity to cope with demand, can be somewhat inflexible, and is often less responsive when care is needed for young people with complex needs. Care packages are often dictated by the market rather than the child's care plan. It is essentially a seller's market which is proving increasingly difficult for local authorities to influence.
19. The situation in Leicestershire mirrors that nationally. The cost of caring for Looked After Children (LAC) is estimated to increase by £12million over 4 years from March 2018 to March 2022. As at March 2018, Leicestershire had 40.5 LAC per 10,000 population. This is much lower than its statistical neighbour average (51), East Midlands average (55) and England average (62). However it is estimated that over four years to 2021/22 the number of LAC in Leicestershire will grow to become in line with its statistical neighbours, reflecting a national trend.
20. Residential placements make up a significant amount of the service's placement spend. There are currently 63 children in external residential placements which forms approximately 11% of the total LAC population. Residential costs for the end of the 2017/18 were £9.7m. These pressures

are not unique to Leicestershire; the Local Government Association has identified circa £600 million financial pressures across local authorities in England.

### **Existing Provision in Leicestershire**

21. The Council currently has one four-bedded Children's Home in Market Harborough which has experienced quality and staffing issues and is temporarily closed.
22. The Council currently has 125 internal foster carers. This is relatively low compared to other authorities making it therefore heavily reliant on the external market.
23. Independent Fostering Service and Residential Care are currently sourced through the East Midlands Regional Children's Framework on a spot-purchase basis. The Framework is a regional commissioning framework comprising a number of local authorities in the region. It offers some level of reassurance in relation to quality and price but due to the paucity in market sufficiency it still becomes necessary for the Council to purchase off-framework provision, often at a much higher price.
24. As indicated above, the market is often inflexible in its approach. It cannot accommodate innovative care packages (which may include step up, step down, shared care, or respite) which seek to keep children with families, is less inclined to take on children with complex needs.

### **Transformation Programme**

25. The Council's Transformation Programme has been supporting Children and Family Services to develop a number of initiatives to improve outcomes for children and young people, to manage growth, reduce demand and reduce cost. Projects within the Transformation Programme include the changes proposed in Fostering Fees and Recruitment, and the implementation of the MISTLE (Multi agency Intensive Family Support Leicestershire) Programme which provides therapeutic support to stabilise and de-escalate packages of care for children and young people.

### **Emerging Care Placement Strategy**

26. Children and Family Services established the Care Placement Strategy Board in January 2018 in response to the need to improve care provision and achieve MTFS savings targets. The Board is chaired by the Director of Children's Services with officer membership from the department, Finance and Transformation, and reports to the departmental management team and ultimately to the Council's Transformation Delivery Board. The Care Placements Board has dual functionality to control and govern project activity and scope and evaluate opportunities to deliver further savings.

27. Part of the work of the Board has been the development of a Care Placement Strategy to help manage the LAC system more effectively, initially keeping numbers as low as possible by using new, innovative forms of family support such as MISTLE, Family Group Conferencing and other evidence-based approaches. This is linked to the changes being delivered through an Early Help Review.
28. The draft Strategy will be submitted to the Children and Families Overview and Scrutiny Committee and the Cabinet in the autumn.

### **Children's Innovation Partnership**

29. The Care Placement Strategy Board considers that the traditional models of procurement such as block contracts and frameworks are failing to offer the flexibility and innovation that is needed to accommodate the rising number of placements required and, alone, will be unable to respond satisfactorily to the rising demand.

### **Consultation**

30. The Children's Innovation Partnership concept was developed following a period of research and consultation which included the Director of Government Outcomes Lab at Oxford University, the Co-head of Social Enterprise and Charity at Bates Wells Braithwaite public benefit lawyers, and the Director of Innovation and Social Investment at Office of Public Management.
31. The Care Placement Strategy Board has actively sought feedback from children and young people across Leicestershire on the priority areas to ensure their views are captured in the design stage. This has been undertaken through focus groups, face to face and market place events.

### **Proposals**

32. It is intended that the Council would develop arrangements with a partner organisation to co-invest in and co-produce the design, delivery and evaluation of services needed to meet the requirements outlined in the emerging Care Placement Strategy and other associated Children and Families strategies - a bespoke arrangement for Leicestershire.
33. The partnership would involve the provision of, management of, or sub-contracting of services. There would need to be sufficient flexibility within services to adjust the scope/nature of services to meet changing needs.
34. The provider would work in partnership with the Council to design and deliver services for vulnerable young people but all statutory responsibilities will remain with the Council.
35. Advantages of the Partnership approach could include:

- The ability to develop bespoke capacity in a challenging independent market.
- Enhancing the Council's social care offer with fresh and creative approaches.
- Developing a more commercial ethos within internal and external delivery models.
- Developing management solutions for existing in-house services without the need for complete outsourcing.
- Co-producing an outcomes-based value-for-money service delivery model.
- Co-investment from the partner organisation.
- Availability of funding opportunities not available to Local Authorities.
- Flexibility to develop services in an unpredictable trajectory of demand.

36. The main risk of this proposal would be that the Council is not successful in awarding a contract to a suitable provider and would therefore be unable to meet proposed timescales. This can be mitigated by continuing to use the East Midlands Regional Children's Framework and to continue to develop the proposed approach as well as continuing to develop local market relationships with providers of residential provision.

#### Proposed Commissioning Process

37. Following the initial consultation and engagement to develop the idea, outlined above, the Council published a Prior Interest Notice in April 2018. The purpose of this Notice was to invite expressions of interest to engage in individual dialogues to support the design of the service specification.
38. A Market Engagement Event was held on 10 April 2018 and was attended by 14 organisations. A clarification question log was published with the Prior Interest Notice.
39. Individual dialogues with potential partnership providers took place in May 2018 to ascertain the willingness to form a partnership with the Authority and to co-invest in design and service delivery.
40. Subject to the Cabinet's approval, the commissioning processes to establish the Children's Innovation Partnership would begin with Invitation to Tender (ITT) which would include robust financial evaluation. As part of this process -
- Having a shared operational value base and common strategic and tactical objectives is essential.
  - There needs to be sufficient flexibility within the services to meet changing needs.
  - The contract would ensure continued scrutiny on performance, value for money, and financial stability.
41. It is intended that the Children's Innovation Partnership model would work along the following lines (details are still to be confirmed):

- (1) Contract awarded to Partner to co-invest in the design phase
  - (2) Childrens Innovation Partnership Project Team established to develop a “work package” for a priority area of work as outlined in the Care Placement Strategy. The team will include experts and innovators from the Authority and the Partner.
  - (3) A business case developed which considers the scope, outcomes and “delivery model” will be agreed for the “work package” including all costs associated with the “work package”
  - (4) “Work package” contract developed and approved outlining the role of the Authority and the role of the Partner
  - (5) “Work package” delivered, evaluated and contract managed
  - (6) Design stage will start again for another priority area as outlined within the Care Placement Strategy
42. It is proposed that the priority areas outlined in the Care Placement Strategy would be delivered as a cycle of three distinctive stages: design, delivery and evaluation. A suggestion of how the stages might progress is outlined below:
- (1) **The Design Stage** - this stage will explore the benefits and challenges to either partner of offering capital investment to the design and delivery of residential placements or other service options. The Children’s Innovation Partnership will co-invest in this stage and will develop the following:
    - Governance structure
    - Shared value base
    - Year one priorities
    - SIB opportunities
    - External funding opportunities
    - Evidences based delivery models
    - Service Delivery Costs
    - Outcomes Framework
    - Explore capital investment opportunities
    - Explore potential for commercial opportunities
  - (2) **The Delivery Stage** – this stage will be delivered as agreed in the design stage but may include the following:
    - Co-investment
    - Co-delivery
    - Sub-contracting
    - Financial analysis
    - Performance management



**(3) The Evaluation Stage** – this stage will ensure that the Partner is able to evidence the following:

- Impact and improved outcomes for children and young people
- Improved outcomes for families
- Value for money
- Benefits and evaluation of a partnership approach.

### **Conclusion**

43. Whilst it is acknowledged that this proposal is ambitious, it is an opportunity to redesign Children's Services to maximise outcome potential in the most cost-effective way.

### **Equality and Human Rights Implications**

44. An Equality and Human Rights Impact Assessment will be completed before the ITT is published. This will give due consideration to current needs, likely impact and likely barriers and any identified gaps that would need to be addressed by the Partnership when established and an action plan developed.

### **Background Papers**

45. None.

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