



Derby City Council

**Corporate Parenting Sub board
10 March 2015**

Report of the Strategic Director of Children and
Young People

ITEM 8

Review of Regional Framework for External placements

SUMMARY

- 1.1 This paper provides an overview of the changes regarding the East Midlands Regional framework, which is the principle mechanism for sourcing placements for children where there is no identified in-house provision that can meet the child's needs.
- 1.2 The framework is due to end in November 2015, and a review of its effectiveness has been undertaken.
- 1.3 The number of placements Derby is sourcing externally has increased, which is impacting the overall cost of placements.
- 1.4 A flexible approach to sourcing may enable Derby to achieve better value for money.

RECOMMENDATION

- 2.1 To note the content of this report.
- 2.2 To support the consideration of a range of options for sourcing, including a revised framework for schools and specialist options.

REASONS FOR RECOMMENDATION

- 3.1 The current framework for external placements will change.

SUPPORTING INFORMATION

- 4.1 Children and Young People services currently use two main types of carers for placements for young people; in-house foster carers, and carers with Independent Fostering Agencies (IFAs). Placements are always sought with in-house carers prior to considering IFAs.

- 4.2 Since 2011, Derby City has been part of the East Midlands Regional Framework for sourcing external placements. Six out of the nine East Midlands LAs use this framework, which was established to enable consistency, comparison and transparency between different agencies and Local Authorities (LAs) and enable LAs to benefit from economies of scale in contracting, quality monitoring and support costs.
- 4.3 Derby City has seen the advantages of a common approach. However, the current framework is due to end in November 2015, and a revised regional proposal is being developed.
- 4.4 The Local Authorities who do not use this framework generally use either spot purchase and/or block contracting arrangements.

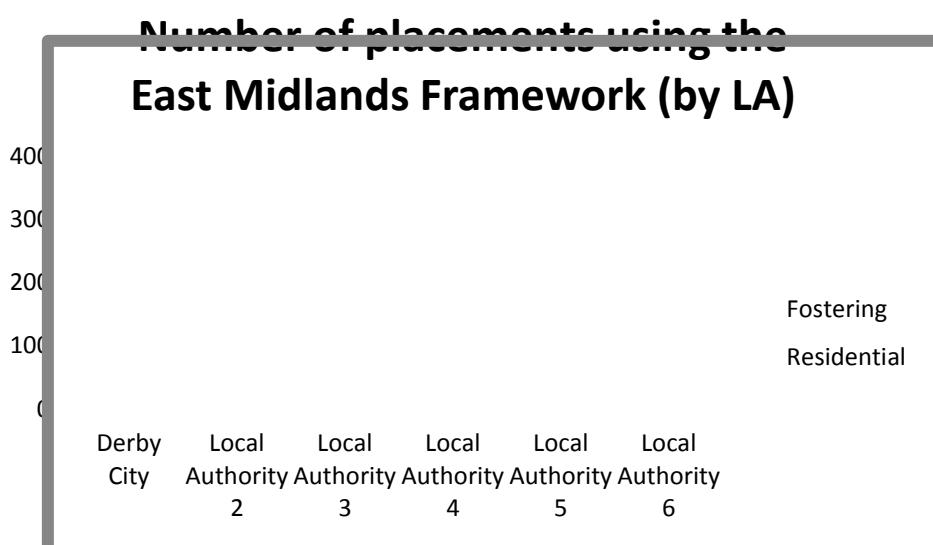
4.5 Framework Use

Over the last three years, demand for placements across the region through the framework has risen.

Number of placements via the East Midlands framework over 3 years:

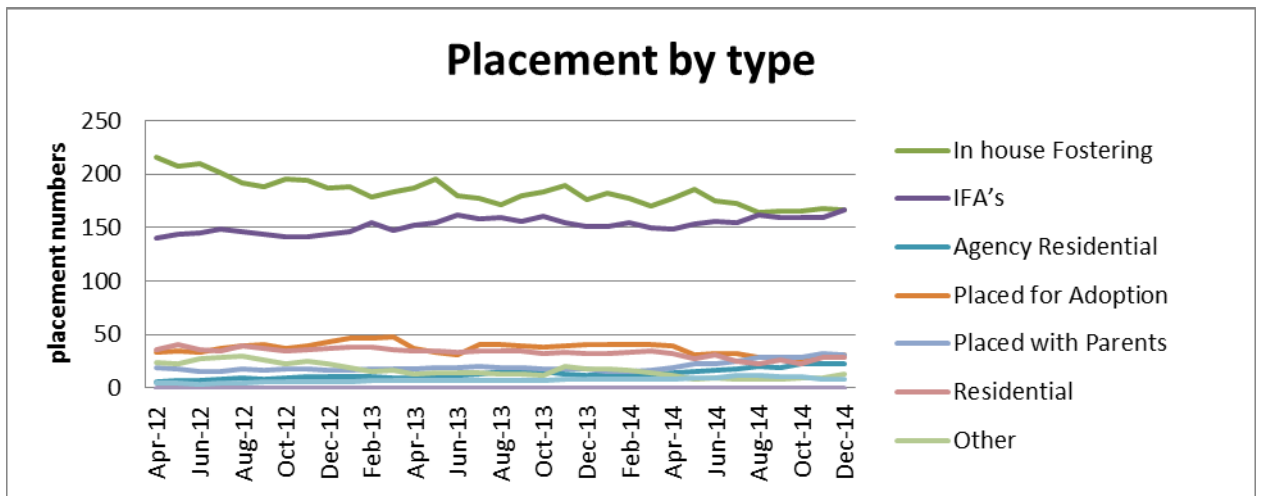
	Number of placements	Cost of placements
March 2011	659	£27m
March 2014	977	£40m
change	+318 or +48%	+£13m

- 4.6 Whilst Derby City make a significant number of placements via the Framework, numbers are not as high as other LAs:



Source: East Midlands Framework providers (Northampton)

- 4.7 However, as the number of external placements made by Derby City relative to in-house placements is rising, and the cost of external placements are more expensive than in-house, the total cost of placements is rising.



- 4.8 In order to fill a gap in the market for specialist placements, a pilot for provision of specialised fostering placements for young people who would otherwise be remanded into custody, commenced February 2014 (Remand Fostering Pilot). Whilst only a few placements have been made, the ability to work differently has provided opportunities as should continue to be considered.

- 4.9 Young people aged 16+ can also be placed through the Housing Framework, which has recently been tendered (September 2014), providing alternative supported accommodation options.

4.10 **Future ways of working**

As the framework is due to end, the following areas have been considered:

4.11 **1) Alternative options for regional collaboration, for example:**

- No regional agreements or
- Regional agreement for all East Midlands local authorities or
- Mixed economy with some regional agreements.

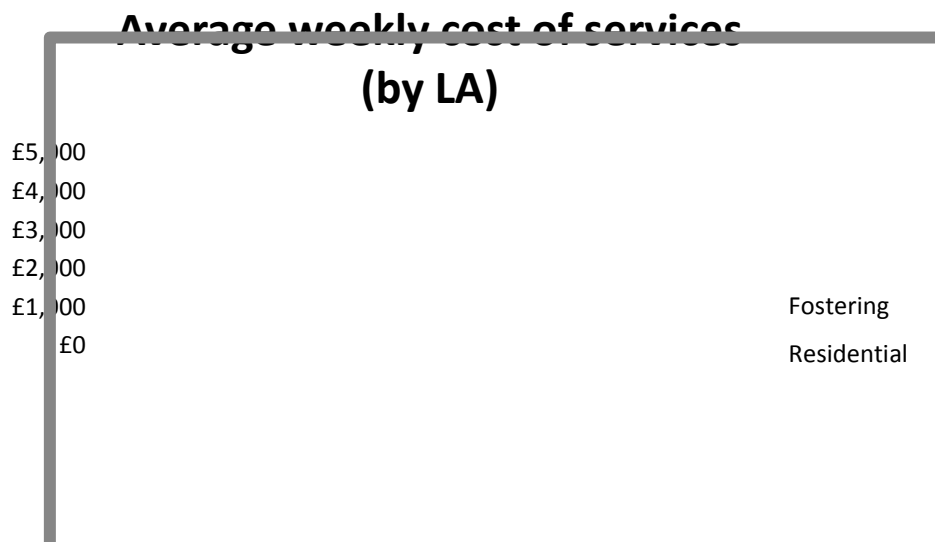
- 4.12 Whilst Derby has benefitted from regional agreements, the ease of availability of placements may also have been a contributory factor to the increase in external placements/decrease in in-house placements. Derby also contributes to the cost of the regional team who set up and quality assures providers.

4.13 **2) Whether the framework achieves best value/quality:**

- 4.14
- Opportunities to improve the current contracting arrangements for fostering and residential have been identified.

- 4.15
- Comparisons have been undertaken to determine whether external placements procured through the framework are sourced at a lower cost than those external placements secured through either spot purchase/block contracts (non-Framework LA);

4.16



Source: East Midlands Framework providers (Northampton)

4.17 Whilst a number of discounts are secured from the framework, 'total' costs are not always comparable. It is recommended a mix of sourcing options be considered.

4.18 **3) Whether the scope of placements covered needs to change:**

Going forward, specialist therapeutic (residential) placements, and specialist school placements (see 4.19 below) have been identified as areas with high demand/spend, and are being considered for inclusion in a revised framework;

Placements from East Midlands LAs:

4.19

Service	Placements 2012	Placements 2013	Placements 2014	Growth (no)	Growth (%)
Fostering	809	1177	1284	475	59%
Residential	223	258	320	97	43%
Schools	761	893	1000	239	31%
Total	1793	2328	2604	811	45%

Source: East Midlands Framework providers (Northampton)

4.20 **Proposed approach**

A Regional Project Manager is currently being recruited. It is envisaged revised specifications will be developed (by April 2015) with new contracts commencing November 2015.

4.21 Challenges for Derby include:

- The increasing complexity of young people, where numbers of complex placements have risen from 18 to 60 during the last three years for the six local authorities in the current regional framework contract,
- Consideration of increasing in-house provision enabling a reduced reliance on the external market,
- Balancing payments and rewards for stability,
- The ability to enter into a similar arrangement with independent schools, who have different placing criteria to that of LAC, and
- The financial implications of a revised framework, where prices have been held consistently for the duration of the framework.

OTHER OPTIONS CONSIDERED

5.1 To withdraw from a regional collaboration.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Alison Parkin, Resources Frank McGhee, Commissioning
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For more information contact: Background papers: List of appendices:	Lisa Melrose 01332 64 2569 lisa.melrose@derby.gov.uk None Appendix 1 – Implications
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IMPLICATIONS

Financial and Value for Money

1.1 Total regional spend on placements per annum (as at June 2014):

Type of placement	Annual spend (£)
Fostering	£50m
Residential	£39m
Supported Accommodation	£20m
Independent Schools (SEN)	£60m
Residential Therapeutic	£??m
Total	£170m

Source: East Midlands Regional Framework (Northampton)

Derby spend on Independent fostering/residential placements:

Year	Numbers	Cost (£)
2011/12	145	7,492,404
2012/13	164	8,176,324
2013/14	171	9,131,562
2014/15 (current)	197	11,170,904

Legal

2.1 As noted in this report.

Personnel

3.1 Not applicable.

IT

4.1 Not applicable.

Equalities Impact

5.1 The framework caters for a range of needs for Looked After Children.

Health and Safety

6.1 Providers are quality assured.

Environmental Sustainability

7.1 Not applicable.

Property and Asset Management

8.1 Not applicable.

Risk Management

9.1 There is a risk that a move to a new framework will result in price increases for new and existing placements.

Corporate objectives and priorities for change

- 10.1
- Improved value for money
 - Better outcomes for our communities