

Proposed Urgent Decision to be made by the Portfolio Holder for Health on 21 April 2017

Children's Commissioning Funding Bids

Recommendations

- 1) That the Portfolio Holder for Health agrees to Children's commissioning proceeding with the two funding bids;
 - To the Life Chances Fund for BR4C
 - To the regional innovation bid to deliver the recommendations of the Narey report including a new regional framework, pilot for a fair funding tool between CCG's and councils for children looked after, new innovations in care models, Warwickshire are leading the bid process and propose that Warwickshire County Council lead the delivery of the bid.
- 2) Subject to the outcome of the bidding process that the Portfolio Holder for Health approves and authorises the Strategic Director of the People Group to enter into the necessary agreements on terms and conditions satisfactory to the Strategic Director of Resources to secure the grants and ensure the conditions of the grants are adhered to for the period of these arrangements.

1.0 Background

- 1.1 Children's Commissioning is currently working to transform the way in which it commissions residential care for Warwickshire's most vulnerable children and young people. The service is working on two complimentary projects; Bright Residential for Children (BR4C) and an enhanced and innovative West Midlands regional bid which includes evolution of the framework contract for children for whom BR4C is not the right option. For both these projects there are currently national grant schemes available that not only provide the opportunity to secure additional funds but also provide access to expert support, mentoring and networks of local authorities who are also changing the way they do things. Since 1986 Warwickshire County Council has used the market to meet its demand for residential placements for children rather than providing these services itself. This specialist market has met the demand our most complex and challenging children and young people.
- 1.2 In recent years the Council has worked with the West Midlands Region to enhance its buying power by securing a regional framework with the market to control prices and better assure quality. This framework expires in December 2018.

- 1.3 The Children's Homes national market was reviewed by the government in 2016 and in October 2016 WCC reviewed its use of homes. The government review has recommended that significant improvements could be made in the manner that Local Authorities work with the market.
- 1.4 Most of the Council's current placements are out of the county with the majority at least 50 miles away. One young person is placed in Scotland. Whilst there are 8 private children's homes in Warwickshire, the Council has not pre-booked or block purchased any of these placements and these providers report on average 40 – 100 referrals a day. Therefore, when the Council has required placements it has been unable to secure them locally.
- 1.5 Warwickshire County Council invests large amounts of money in placements. Its top 20 most expensive placements cost an average £4471 a week in October and by February 2017 this had risen to £4711 per week. Whilst outcomes are set up for the children looked after (CLA) in placements, providers are not held financially responsible for delivering them and often we are unable to demonstrate how the services are improving the outcomes for these children in the long-term.

2.0 A different approach to commissioning residential services for children

- 2.1 Warwickshire County Council is transforming the way it commissions residential care for those small numbers of children and young people whose needs are so complex that residential care is the best option for them.
- 2.2 It is progressing this large scale change through a twin track approach;
 - BR4C – a block contract for Warwickshire (possibly sub-regional) children in their home county with an outcome focus and outcome payment framework. The proposed contract model will pay providers a basic fee for the residential care services but then offers them performance payments to be paid at various stages for meeting the child's agreed "SMART" outcome.
 - Leading the regional bid to meet the Narey recommendations. This work includes 5 workstreams including improved knowledge and engagement with providers and children, regional framework evolution, innovation of services and a pilot for a fair funding tools with CCG's and councils. Three key objectives better outcomes for children, getting the right place, first time and long term sustainable social benefits.
- 2.3 The Council wants to provide residential services for CLA that have aspirations for better outcomes; supporting children to return to a family setting, whether that be returning to their own family or a foster care placement. Or for older young people gives them the tools to live independently and have a daily purpose by the age of 18.

3.0 How securing grants will support our transformation plans

Bright Residential for Children

- 3.1 BR4C will be a key tool in the way WCC will transform commissioning of children's residential placements to improve the outcomes for these children and ensure that we achieve the One Organisational Plan (OPP) 2020 targets.
- 3.2 Officers have identified that a Social Impact Bond (SIB) would be an appropriate way to pay our chosen provider for the 'Smart' outcomes achieved.
- 3.3 The proposal is that a private investor with a community interest objective will be used to fund the cost of the BR4W intervention services receiving a return on their investment if the SMART outcomes are met by the provider.
- 3.4 The Life Chances fund is a grant that aims to increase the use of Social Impact Bond's in the Public sector and as such pays a 20% contribution towards the outcomes payments made to providers on meeting certain specified objectives.
- 3.5 For BR4W, Life Chances will, if secured, will provide a 20% contribution to all Smart outcome payments made to our chosen provider. We are consequently planning to bid for a maximum of £1,491,360 over the 5 years of the project.

West Midlands Regional bid to the Innovation Fund

- 3.6 It is anticipated that alongside the BR4C model, WCC will commission further residential services for CLA via the enhanced regional framework currently being proposed in the West Midlands Regional innovation bid and set to go live in December 2018.
- 3.7 Warwickshire is leading in transforming the regional framework and as such felt that an innovation bid could help to drive and support this transformation.
- 3.8 The bid brings together the 14 West Midland Authorities, 25 Clinical Commissioning Groups and Providers to improve the life chances of over 1,000 looked after children within the region.
- 3.9 The Innovation bid will create an improved range of placements in the right locations that focus on delivering outcomes in a value for money model.
- 3.10 This is a regional response to the Narey report and provides commissioners across the region with the opportunity to establish a regional collaborative approach to invest in long term sustainable change to improve the life opportunities of looked after children and young people and reduce (or stop) their potential for dependency on the care system both now and in the future as they prepare to become confident independent adults.

- 3.11 Changes will be precipitated by the work funded through the bid to facilitate better knowledge and understanding of both the CLA and the providers we work with to get the right placements at the right time. In addition piloting step down models to help CLA return to family living or independence if more appropriate and driving a fair funding model with health partners are key objectives of this regional partnership.
- 3.12 It is hoped that commissioning these services in this way will not only lead to improved outcomes for the children and young people involved, but it is also anticipated that it will also lead to a reduction in the use of spot contracts from 60% to less than 20%.
- 3.13 The planned bid will be for £4,500,000 across the 14 authorities over 33 months.

4.0 Timescales Associated with Bids

- End of April 2017 – Bids submitted to Life Chances and the innovation Fund
- May/June 2017 - Bids Evaluation
- Bids awarded and successful applicant informed – June/July 2017

5.0 Background Papers

West Midlands Children’s Residential Bid (Plan on a page)

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The report was circulated to the following members prior to publication:

Councillor Les Caborn (Portfolio Holder for Health) and Councillor Alan Webb (Chair of the Adult Social Care and Health Overview and Scrutiny Committee)