

Cabinet

16 July 2024

Commissioning arrangements for homes for children in care

Recommendations

That Cabinet

- 1) Authorises the Executive Director for Children & Young People, in consultation with Executive Director for Social Care and Health to enter into West Midlands regional agreements and subsequent call-off contracts for the procurement and provision of foster care and residential care services for children in care on terms and conditions acceptable to the Executive Director for Resources;
- 2) Authorises the Executive Director for Children and Young People to commence a procurement process for the provision of Short-Term Emergency Placements and Bail and Remand Intensive Care placements in consultation with the Portfolio Holder for Children & Families; and
- 3) Authorises the Executive Director for Children and Young People, in consultation with the Executive Director for Social Care and Health, to enter into relevant contracts for the provision of Short-Term Emergency Placements and Bail and Remand Intensive Care placements for children in care and/or children in criminal court proceedings on terms and conditions acceptable to the Executive Director for Resources.

1. Executive Summary

- 1.1 Warwickshire County Council (WCC) are a key stakeholder in West Midlands Regional contract arrangements across Foster Care Services, Residential Services and Supported Accommodation for children in care. This position has been maintained since at least 2016 for Foster Care and Residential services.
- 1.2 Regional frameworks provide the Council with choice and provide supplementary resource which supports the Council's quality assurance processes of the children's provider market. They work on the basis of no commitment to spend. Given current challenges across the children's accommodation market and the development of WCC internal foster care and residential services, re-entering into framework arrangements with no commitment to spend is the right approach for the Council. This approach ensures the Council can continue to assess best value for money options as well as increase choice for children in care.

- 1.3 **West Midlands Regional framework arrangements for Foster Care Services:**
Sandwell Children's Trust (SCT) are the current lead authority for the Regional Foster Care framework which expires 30.09.2024. Coventry City Council are the lead authority for the new framework arrangements and are proposing a 10yr contract terms, inclusive of extension periods.
- 1.4 Historically, the fostering framework has worked well for WCC in providing greater control over cost and quality of provisions for our children in foster care. The fostering framework has continued, since 2016, to deliver approximately 80% of the Council's market purchases for foster care.
- 1.5 **West Midlands Regional framework arrangements for Childrens Residential Services:**
Birmingham Childrens Trust (BCT) are the lead authority for the West Midlands regional residential Flexible Contracting Arrangement (FCA) which expires on 14.12.24. Coventry City Council are also the lead authority for the new residential framework arrangement and are also proposing a 10yr contract term inclusive of extension periods.
- 1.6 Historically, the regional residential contracting arrangements, since 2016, have worked well in terms of controlling quality of provisions for WCC and the wider region, however, there has been a trend over the two most recent frameworks of providers exiting the framework and switching to spot arrangements citing financial circumstances as their reason for exit.
- 1.7 The current FCA has performed as follows:
- 2020 – Flexible Contracting Arrangement provided 45% of the Councils residential market purchases
 - 2021 – purchase rate declined to 40%
 - 2022 – further decline to 30%.
 - 2023 – further decline to 26%
- 1.8 More recently, the residential framework has presented with challenge due to providers exiting the framework citing unsustainable prices and restrictive fee uplift process. These challenges are being considered in the drafting of new framework terms, conditions, and specifications.
- 1.9 **Bail and Remand Intensive Care (BRICS) and Short-Term Emergency Placements (STEPS):**
The current Youth Justice Service (YJS) contract for Bail and Remand Intensive Care (BRICS) Service is a flagship service for WCC and is viewed as an example of good practice by the National Youth Justice Board. There are no other Local Authorities known to deliver this offer for children at risk of bail or remand.
- 1.10 The BRICs service enables the Council's YJS to offer criminal courts an intensive package of care and support as an alternative to custody for children whose alleged risk has been deemed safe to be managed in the community. Without this service there may be no other option than for children to be remanded into custody.

*1 – Competition & Markets Authority Childrens Social Care Market Study Final report (2022) Children's social care market study final report - GOV.UK (www.gov.uk)

- 1.11 In August 2020 WCC varied the BRICs contract to include a Short-Term Emergency Placement (STEPS) element. This element of the contract has provided the Council with an offer for children whose homes end in an unplanned way. The contract is to deliver three foster homes to children for a 28-day period. Unfortunately, due to national recruitment challenges in foster care, the provider has only been able to deliver two foster homes since the start, these two homes have maintained full occupancy.
- 1.12 There is a projected need for alternatives to custody to be available for children alongside a continued need for the provision of short-term emergency foster homes to support children whose current home arrangements end in an unplanned way. It is therefore proposed that WCC procure a 10-year contract, inclusive of extensions.

2. Financial Implications

- 2.1 The new frameworks will seek to implement additional measures which respond to market concerns around uplifts and legacy placements with the aim of increasing the volume of market providers, implementing better cost controls and reducing the need to rely on higher risk spot provisions.
- 2.2 However, there are well documented challenges across the children's social care market, specifically the materially higher profits and the materially higher costs providers are charging^{*1}. This indicates even with changes made to the new contracting arrangements, providers may still choose to remain as spot providers.
- 2.3 Through joining the frameworks, the Council will have access to the provider markets set fees. The contract value is expected to be at similar levels to previous framework agreements. There is no commitment from the Council to purchase services via the frameworks. If the Council found an alternative, better value for money provision, it could continue to purchase through the appropriate contractual arrangement.
- 2.4 Market research and engagement indicates the West Midlands could expect between 10% and 20% increase on current framework prices. Prices will not be known until the tender is closed. Alongside the Council's internal foster care and residential provision the Council will be exploring local options to continue to provide services which meet the needs of WCC's children in care and assure good value for money.
- 2.5 **West Midlands Regional framework arrangements for Foster Care Services:** Figures 1 reflect the Council's market spend on foster care services over three previous financial years.

^{*1} – Competition & Markets Authority Childrens Social Care Market Study Final report (2022) Children's social care market study final report - GOV.UK (www.gov.uk)

Figure 1: WCC spend on Foster care over three previous financial years

Foster Care Services	21/22	22/23	23/24
Framework	£7,892,525	£6,888,754	£6,794,563
Spot	£1,960,950	£1,608,146	£2,014,295
Total	£9,853,475	£8,496,900	£8,808,858
Total placements year end	222	214	179

2.6 The fostering framework is being tendered with a permeable cap on prices, meaning those that tender higher prices than the cap will be required to work transparently with a regional panel to provide an evidence base that supports their tendered price. This will be reviewed via an open book accounting approach before agreement on prices is determined. A similar model is being considered for the residential framework.

2.7 West Midlands Regional framework arrangements for Childrens Residential Services:

Figures 2 reflects the Council’s market spend on children’s residential over three previous financial years.

Figure 2: WCC spend on Residential care over three previous financial years

Residential Services	21/22	22/23	23/24
Framework	£8,596,882	£8,686,474	£8,156,634
Spot	£13,739,187	£14,074,081	£18,109,083
Block	£625,233	£659,029	£606,438
Total	£22,961,302	£23,419,584	£26,872,155
Total placements year end	81	83	95

2.8 Bail and Remand Intensive Care (BRICS) and Short-Term Emergency Placements (STEPS):

The current contract spend across BRICS and STEPS is approximately £3million over the 7-year contract term. The Council is recommending a longer-term contract, proposing 10 years.

2.9 The Council intends to tender the service with the same financial arrangement for fees to be returned where the provider is unable to fulfil the specified delivery levels of service.

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3 Environmental Implications

3.1 None.

4 Supporting Information

4.1 There is no commitment to spend under either of the framework agreements. The recommendation is for the Council to join the framework as a means of providing greater choice and assurances around the quality of provision. Joining the framework arrangements does not preclude the Council from future tendering opportunities or its choice to develop internal provisions. Should the Council identify alternative, better value for money options the Council will maintain its right to call off the framework but may choose not to do so.

4.2 **West Midlands Regional framework arrangements for Foster Care Services:**
The fostering framework has historically worked well for Warwickshire, with the Council purchasing approx. 80% of its market provision via the framework. This purchase rate has remained relatively consistent since 2016.

4.3 Coventry City Council (CCC) are the lead local authority for the re-procurement of West Midlands Regional Fostering Framework. Mobilisation of the framework will be supported by all 14 West Midlands authority commissioning teams. The current framework arrangement for Foster Care expires 31 March 2024, however a signed variation has afforded the region a further 6-month extension until 30 September 2024.

4.4 **West Midlands Regional framework arrangements for Childrens Residential Services:**
The residential framework has worked less well for Warwickshire over time. When the framework was initially let in 2018 the Council was purchasing around 60% of its market provision via the framework. The purchase rate since this time has declined year on year with the position as of March 2024 demonstrating a purchase rate of approx. 24%. This means, aside from approx. 5% of children in residential care living in homes under the Councils block arrangement, the Council is increasingly reliant on more expensive higher risk spot contract arrangements. The percentage purchase rate across West Midlands authorities varies but also indicates a declining purchase rate since the frameworks' inception.

4.5 The current residential flexible contracting arrangement (FCA) expires 14 December 2024. Coventry City Council (CCC) are the lead local authority for the re-procurement of West Midlands Residential Framework. Mobilisation of the framework will be supported by all 14 West Midlands authority commissioning teams.

4.7 **Bail and Remand Intensive Care (BRICS) and Short-Term Emergency Placements (STEPS):**
The current Youth Justice Service (YJS) contract for BRICs and STEPs Service expires 31 March 2025. The contract is currently a block contract arrangement to

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provide six placements, split three/three across both service areas. The current contract has experienced performance challenges due to an inability to recruit and retain the required six carers to fulfil the contract terms. On these occasions the Council has had monies returned. The recruitment and retention landscape for foster carers remains a national challenge, the Council would therefore seek to continue with a similar approach for reclaiming costs if necessary.

4.8 The model of delivery will largely follow the current model as this has served the Council well. However, the Council requires the new delivery model to provide greater flexibility around operating times to better meet the needs of children going through criminal courts.

- 4.9 In order to procure a new service, the commissioner will:
- Undertake a needs analysis to inform and support a review of the current service. This will include engagement; with care experienced children, with the current provider and their carers, with YJS and children and families social care workforce
 - [where possible] co-produce the delivery model with care experienced children, if not appropriate or possible the commissioner will engage with care experienced children to gain their feedback.
 - Prepare a business case with recommendations and financial modelling considered to be reviewed with Senior Leadership Team members.
 - Complete necessary procurement activity.

5 Timescales associated with the decision and next steps

16.7.24	Cabinet meeting
01.10.24	West Midlands Fostering Framework mobilised/live
11.11.24	Tender period opens for BRICs & STEPs contract
August/September 24	West Midlands Residential contract tender period (TBC by Coventry City Council)
14.12.24	West Midlands Residential contractual arrangement mobilised/live

Appendices

None.

Background Papers

None.

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*1 – Competition & Markets Authority Childrens Social Care Market Study Final report (2022) Children's social care market study final report - GOV.UK (www.gov.uk)

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

Local Member(s): None, this is a County wide report

Other members: Councillors M Humphreys, Roodhouse and Brown

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