

Agenda Item	9.
Report No	PEO 20/18

HIGHLAND COUNCIL

Committee: People

Date: 15 March 2018

Report Title: **Business Case for Placement Services Highland**

Report By: Director of Care and Learning

1. **Purpose/Executive Summary**

- 1.1 This report proposes a change in the approach to providing placement services for Looked After Children, bringing together strands of work from the Highland Council Redesign programme, with a previously agreed plan to address the education of Looked After Children.
- 1.2 It comprises a spend-to-save proposal, investing in local service provision and taking a new approach to preventing the need for purchased placements (particularly those out-with Highland), whilst supporting young people to return to placements within the authority.

2. **Recommendations**

- 2.1 Members are asked to agree:-
 - i. the Business Case, in principle, as a key element of Phase One of the Programme; and
 - ii. the establishment of a project team, to commence Phase Two.

3. Background to the business case

- 3.1 Placement provision for Looked After young people has been a budget pressure for Highland Council for some time, in common with most other UK councils. This pressure has increased in the last financial year due to an increase in the number of Looked After Children and rising placement costs. Placement resources in Highland are at full capacity and there is therefore a growing need to purchase placements, both foster placements through Independent Fostering Agencies, and residential placements. The full business case is attached as **Appendix 1**.
- 3.2 These issues were considered in a Highland Council Redesign review and this business case builds on the plan which resulted from that process.
- 3.3 One of the issues noted at committee previously, is the relatively low level of fostering allowances paid to Highland foster carers. One of the actions within the plan is to review this, with a view to scoping the impact on placement availability through an increase in allowances.
- 3.4 The plan has been developed through discussion over a considerable period of time with managers and practitioners, and is based on analysis of the factors driving demand and costs. It represents an opportunity to reduce costs and to develop resources and jobs in Highland, rather than to continue to spend with external, mainly private, providers of care.

4. Implications

4.1 Resource

The business case outlines a twin-track approach to implementation; simultaneously reducing expensive purchased placements whilst developing new resources in Highland. This is expected to reduce spend by year four to the level of budget availability.

The availability of capital resources is dependent on agreement to this aspect of the Council's capital programme.

4.2 Legal

Advice and support will be required regarding contractual obligations as necessary.

4.3 Community (Equality, Poverty and Rural)

The plan will enable young people to remain in Highland and maintain improved contact with their families, which will address issues of equality and poverty.

4.4 Climate Change / Carbon Clever

The plan will significantly reduce travel to support placements which are often in the Central Belt of Scotland and in the north of England.

4.5 Risk

Risks are identified within the business case paper. The key risks have been identified as: a continued upward trend in the number of Looked After Children, and decision-making around placements which are not controllable, including decisions by Children's Hearings. These risks can be mitigated to some extent through continued work to inform social workers and operational managers about the rationale for change. Another risk is the extent of buy-in from schools, which is necessary in order to provide ongoing education packages in Highland for young people who would otherwise be

placed outwith the authority. Other specific risks are identified against each of the proposed solutions.

4.6 **Gaelic**
No issues identified.

Designation: Director of Care and Learning

Date: 5 March 2018

Author: Sandra Campbell, Head of Children's Services

Redesign of placement resources in Highland – Business Case

Problem statement

The costs of purchased placements for Looked After Children (LAC) have increased in 2017/18. There are three key contributing factors to the overall cost of placement provision for LAC and these are: the overall number of LAC; the availability of in-house placements and the unit cost of purchased/contracted provision.

Considerable effort has been focused on creating resources in Highland for the older age group to enable them to return to Highland at a lower cost, mainly through supported accommodation. This has been successful, as have the two small-scale residential homes established in 2017 which enabled young people to return with some education support. However the overall number of purchased placements has increased due to the increased demand for placements. At the same time the average cost of placements is rising and the needs of young people being placed are more complex. There has been an increase in the number of LAC this year for the first time in several years.

There are only four contracts in place to cover placements and support packages, the other placements being spot-purchased. Although the spot-purchases are now linked to a national framework for residential and fostering providers (Scotland Excel), this has not reduced unit costs but may have constrained year on year inflationary increases. The market is dominated by large private providers and their presence in the Highland area has increased over the last 10 years, with several now being based locally and some evidence that this may continue to expand.

Highland Council has four residential units plus emergency provision. These are consistently full and are of a high quality.

Fostering resources have not expanded to cater for the increased demand; this has led to increased use of purchased foster placements with Independent Fostering Agencies (IFAs). Over the last year this usage has dramatically increased due to large sibling groups being accommodated and due to the use of IFA placements as a direct and more cost effective alternative to residential care.

It has not been possible to develop sufficient targeted early intervention to support children's placement with their families due to the demand for fostering and residential placements which has absorbed the available financial resources. Intervention at earlier stages, which may prevent the escalation to a crisis point, is out of scope of this plan. There are resources within the existing Family Teams which are designed to provide earlier intervention however it is recognised that in a context of shrinking resources this may be vulnerable to reduction, potentially increasing the risk of more young people requiring placements.

Significant analysis has been undertaken over the past 3 years to establish the drivers behind purchased placements and these are listed below:

- Increased family pressures related to the impact of poverty, increased drug and alcohol misuse, domestic violence and parental mental health issues, leading to long-term effects of Adverse Childhood Experiences for children. This includes a range of emotional and relationship difficulties but also physical health impact such as Foetal Alcohol Syndrome.
- Increased prevalence of children on the autistic spectrum or with complex health needs.
- Increased identification of potential Child Sexual Exploitation risks for some young people, mainly teenage girls.
- Increased drug usage by young people, impacting on their health but also bringing them into contact with adults who may pose a risk to them.
- Difficulties in meeting the educational needs of children in mainstream school and sometimes in local special school provision.
- Insufficient access to Child and Adolescent Mental Health services to assess and support children. There have been examples of young people being placed in secure care in order to manage the risk of severe self-harm.
- Insufficient local placement provision, including foster placements.
- Decision-making by Children's Hearings which over-rides planning for young people, sometimes reflecting a risk-averse outlook.

Solutions statement

In order to reverse the current trend, more in-Highland resources need to be developed. These must be high quality and include education and CAMHS support. A twin-track approach will be needed to avoid new purchased placement and to maximise the return of young people from existing purchased placements. Resources will be required to support family options which will prevent the need for a placement, or create opportunities for young people to return to their families. There are therefore two inter-related strands to this work, to prevent the need for a placement and to maximise the quality and cost-effectiveness of available placements.

Continued focus will be needed to change the views of families and professionals, who may believe that purchased resources are superior to those provided in-house.

The balance of in-house and contracted provision will be examined.

The entry point to residential care will be redesigned to allow the opportunity to consider alternative ways of supporting the child and family at a point of crisis.

Whilst it's acknowledged that there may be a commercial opportunity to make Highland Council placements available to other local authorities, this plan doesn't seek to address this for a number of reasons, the main one being that the focus needs to be on meeting the needs of Highland young people in the first instance.

Specific objectives

1. Reduce the number of spot-purchased placements.
2. Increase the number of children placed in foster care or with family alternatives, rather than residential care.
3. Retain more young people in the Highland area.
4. Reduce spend on placements.

Outcomes and deliverables

- Review of all current spot purchased placements with the aim of creating alternatives in-Highland. The target is to reduce spot-purchased provision by 90%.
- Creation of additional residential provision in Highland.
- Creation of a new integrated model of assessment and support.
- Commissioned services re-profiled to support the overall plan.
- Redesign of fostering service to provide more in-house fostering placements.
- The plan for education of LAC to be progressed.
- Creation of support services to prevent the need for placements.
- In the interim replace Highland-based spot-purchased placements with contracts.
- Further scoping of the option to bring existing contracted provision in-house.
- Further scoping of option to create an ALEO for all Looked After Children services.

Proposed solutions – requirements, benefits and risks

1. **Creation of more in-house residential capacity in Highland with education and CAMHS support.** This will require the purchase and/or adaptation of suitable properties and additional staffing/management. The key benefit is that the unit cost is lower than the average purchased placement cost, but there are additional benefits and savings from reduced travel for staff and more control over placement planning. The key risk is lack of availability of suitable properties and/or staff, particularly teaching staff.
2. **Block purchase placements with Highland residential (and potentially fostering) providers.** This will require support from contracts/procurement and the agreement of local providers and would be seen as an interim step until more in-house capacity is available. The key benefit is reduced cost. The key risk would be of carrying vacant beds.
3. **Return older young people from spot-purchased placements using flexible packages of support.** This would require buy-in from social workers, managers and Children's Hearings. The key benefits are reduced cost and young people placed closer to their families. The key risk is lack of buy-in and lack of suitable education provision where necessary, along with support services. These can be mitigated through continued work with groups of staff, outlining the benefits of supporting young people locally, and by progressing the plan around the education of LAC, and creating accessible support services in Highland.
4. **Prioritise the existing contracted and in-house residential provision for return of younger LAC from purchased placements.** This would require buy-in from social workers, managers and Children's Hearings and agreement with the provider partners. It would also require

development of education and support services. The key benefits are reduced costs and placement of young people closer to their families, along with improved service provision for young people. The associated risks can be mitigated through continued work with groups of staff, outlining the benefits of supporting young people locally, and by progressing the plan around the education of LAC, and creating accessible support services in Highland.

5. **Creation of a new integrated model of assessment and support (No Wrong Door model).** This is a model of integrated assessment, short-term residential provision and support for parents and foster carers. It would require a suitable building, additional staffing and linked support services, along with training for staff. The key benefits are reduction in new placements and improved resilience in foster placements. It would avoid purchased placements being made on the basis of a need for assessment, which often lead to long-term placements with external providers. The key risk is that the short-term residential provision becomes blocked by young people needing longer term care. This can be mitigated by continued use of existing emergency provision or the development of pop-up emergency provision if required.
6. **Redesign of fostering services including enhanced support to carers.** This would require consultation with carers and fostering staff to determine the additional support which would lead to placements being offered and sustained for older children. This may include support workers, additional fees and CAMHS support. It may also require a redesign of the approach to recruitment of carers. Exploration of partnership with an Independent Fostering provider may be required as a direct alternative to residential placements. The key benefit would be reduced costs as foster placements (even purchased foster placements) are considerably cheaper than residential placements. Children would also benefit from the opportunity to live in a family setting and there would be fewer placement break-downs. The key risk would be that additional spend did not result in more foster placement options. This would be mitigated by prior consultation to ensure plans are fit for purpose and careful matching of placements.
7. **Enhanced support for kinship placements.** This would require support packages, including education, activity-based support and CAMHS support for extended families. This can be part of an integrated service which would also cover foster and residential placements. The key benefits are reduced costs and the opportunity for young people to live in their own extended families, including some of those who are currently in purchased residential placements. The key risk is that decision-makers may not buy into the plans for young people and continue to push for residential placements. This can be mitigated by continued engagement to promote the benefits for young people and families.
8. **Produce a preferred-provider list for purchased residential placements and restrict add-on fees for additional support.** This is mainly an interim step but there may be a continued need for a small number of specialist purchased placements in future. It would require support from a commissioning officer (post to be established). The benefit would be improved control over costs and quality of placements. The key risk would be over-ride by the Children's Hearings. This can be mitigated by promotion of the plan with Panel members.
9. **Redesign of commissioned services to support placements.** This would require approval of the proposals from the current review, by the Redesign Board. The key benefit would be to

align some existing contracted services with this plan, possible enhancement of some services and in other cases, re-direction of funding to support placement plans.

10. **Commissioning of CAMHS service for LAC.** CAMHS services are usually commissioned through the NHS and there is an existing CAMHS LAC service which is under review. Options would be to jointly commission a service or to commission a new service. This would require consultation with NHS Highland. The key benefit of commissioning a CAMHS service would be improved ability to prioritise specific cases or pieces of work. The benefit for young people would be improved support and more resilient placements. The key risk would be that the service was not targeted appropriately to support this plan and an inability to direct the resource. This could be mitigated through a commissioning specification.
11. **Expand the Orchard and Thor House to offer support to more families.** This may require building extensions and additional staff. The key benefit would be the ability to offer more respite to families where children are at risk of being accommodated and also potentially to offer more full-time placements as an alternative to purchased placements. This would also require education support. The key risk would be a failure to target the provision at those who would otherwise require access to expensive placements. This could be mitigated through prioritisation of referrals.

Risks

The key risks have been identified as: a continued upward trend in the number of LAC, and decision-making around placements which are not controllable i.e. decisions by Children's Hearings. Both of these can be mitigated to some extent through continued work to inform social workers and operational managers about the rationale for change. Another risk area is buy-in from schools which is necessary in order to provide ongoing education packages in Highland for young people who would otherwise be placed outwith Highland. Other specific risks are identified against each of the proposed solutions.

Dependencies

This plan is inter-linked to two Redesign reviews; Children's service, including Fostering and Adoption and Commissioned Services. There is a clear link to a plan approved by the People Committee to address the education of LAC.

Costs

The staffing required to progress these proposals is:

Full-time project staff

Project manager (temporary additional post)

Commissioning officer (new post) or attachment of Contracts officer from Contracts team

Business support manager (seconded post but requires back-fill)

Attachment of post from Corporate Improvement team

Education of LAC programme manager (new post)

Additional fostering post to take forward redesign (secondment but requires back-fill)

Existing resources – aligned to the project.

Head of Children's Services

Placement officer

Fostering and Adoption Resource Manager

Finance officer

Residential Resource Manager/ Resource Manager for LAC

Programme Manager for alternatives to OOA placements

Properties officer

Forensic Psychologist in training

Revenue resources

		Cost	
Project team	Total annual cost excluding time of aligned posts. Assumes no charge for Corporate Improvement post, and assumes Fostering post at social worker grade.	Project manager Commissioning officer Business Support manager Education of LAC programme manager Fostering post Total Total with 30% oncosts	£46k £32k £32k £46k £36k £192k £249k
Running cost of new residential units	With wrap-around support for education and outreach workers. £872k per unit.	£2.616m	
CAMHS support	Possibly less if joint commission	£300k	
No Wrong Door staffing		£992k	
No Wrong Door offshoot	In Wick	£400k	
Education support based in area teams	£310k per four areas	£1.24m	
Funding for fostering	Includes additional placements, and increased fees	£1m	
Activity based education	Purchased from external providers	£250k	
Flexible funding for family packages	Includes Kinship and birth family support	£750k	
Pop-up emergency provision		£400k	
Edge of care services	Some redirected resource from current commissioned services	£220k	
Expand Thor House and the Orchard	Additional staffing	£200k	

Total per annum £8.617m

Capital resources

	Comment	Cost
Purchase and refurbishment of building for residential units (may be cheaper if existing Highland Council buildings can be re-provisioned).	Three new units	£1500k
No Wrong Door integrated assessment centre	Assumes purchase and spend on refurbishment	£700k
No Wrong Door off-shoot in Wick	Assumes re-provision of existing Highland Council building	£200k
Refurbishment of building to provide education support base in South area	Assumes existing Highland Council building	£200k
Expansion of Thor House and the Orchard	Only necessary if providing additional full-time care	£400k
Total		£3m

NB there would be additional capital costs if commissioned residential services were brought in-house as buildings belong to other providers.

Scheduling of capital spend

Year one	No Wrong Door offshoot	£200k
	Education resource centre	£200k
	Part-cost of No Wrong Door main hub work	£100k
Year two	1 new residential unit and part-cost of two other units	£750k
	No Wrong Door main hub residual cost	£600k
	Thor/Orchard expansion	£400k
Year three	2 new residential units residual balance	£750k
Total		£3m

Current cost comparison

The average purchased residential placement is £220k per year or £4,230 per week. The average purchased foster placement is £51,532pa. The budget for placements is £9.3m, plus the budget for alternatives to OOA spend of £600k, totalling £9.94m per annum. The forecast spend for 2017/18 is currently £13.07m. If the current trend of increased demand continues, without targeted resources it is anticipated that spending will increase year on year. The spend on purchased placements in previous years has risen from £6.8m in 2008/9 to just over £11m in 2015/16 and 2016/17, with a significant increase in 2017/18 to £13m.

Timeline and milestones with revenue costs

Year one	Year two	Year three	Year four	Year five
Project team £265k	One new residential unit £872k	Two new residential units £1.74m		Establish ALEO if agreed
Commission CAMHS support £300k	Main No Wrong Door base £992k in place of one commissioned residential service	Return other residential service in-house		
Area-based education support £1.24m	Fostering support £1m including IFA placements and increased in-house placements	Review of block purchase Highland based placements		
Commission activity based education £250k	Additional capacity in Thor House and the Orchard £200k (increased staffing)			
Flexible funding for families £750k	Begin planning for ALEO			
Pop-up emergency provision £400k	Commission Edge of care services £220k			
No Wrong Door offshoot £400k				
Negotiate time-limited block purchase of some Highland based residential placements				

Phase one

1. Approval of business case in principle.
2. Approval of capital spend.
3. Link to Redesign of Commissioned services and board approval for the associated plan (including concept of ALEO).

Phase two

1. Establishment of project team.
2. Detailed project plan to be produced.
3. Approval of detailed plan.
4. Communication strategy developed and implemented.

Phase three

1. Implementation in line with four year plan (five if ALEO agreed). It is estimated that up to 6 months lead-in time may be required to establish new resources in year one and return the first 12 young people. Year 2 onwards would not require the same lead-in time as planning can be carried out in year one and then on a rolling programme.
2. Early focus on development of support services to prevent new placement requests.

Potential savings

Overall savings

	Current total spend	Reduction in costs	Residual placement costs	Additional new spend	Total spend	Savings per annum on current spend	Current budget allocation
90% reduction in purchased placements	£13.07m	£11.76m	£1.31m	£8.62m	£9.93m	£3.14m	£9.94m

Current number of placements – 46.

90% reduction equates to a residual balance of 5 placements. It is anticipated that 5 placements will continue to be required for high risk and specialist placements. Additional capital spend not reflected in these figures.

Savings per year of project

	Year one	Year two	Year three	Year four	Year five	
New spend	£3.6m	£3.28m	£1.74m			
Total project spend	£3.6m	£6.88m	£8.62m	£8.62m	£8.62	
Balance of purchased placements	£9.67m 74%	£6.72m 48%	£2.87m 22%	£1.31m 0% of original placements but funding for 5% retained for short-term emergency placements if required	£1.31m	
Total cost	£13.27m	£13.6m	£11.49m	£9.93m	£9.93m	
Current budget	£9.94m					
Current spend	£13.07m					

Achieved by

This plans for 46 returnees but it's anticipated that there will be an ongoing need for 5 purchased placements each year, the length of placements to be minimised by continued focus on returning young people to the Highland area.

	Year one	Year two	Year three	Year four	Year five
Number of current placements to be reduced	12	12	12	10	
New services	<p>Extensive support to existing placements and young people at home, more flexible packages for returners.</p> <p>New pop-up emergency provision</p> <p>NWD Wick provision providing 2 short-term beds.</p>	<p>One new residential unit – 5 beds.</p> <p>6 short-term beds in NWD main base</p> <p>10 additional fostering placements</p> <p>Additional capacity in the Orchard/Thor House</p> <p>Increase in support for edge of care.</p>	<p>Two new residential units – 10 beds</p> <p>10 additional fostering placements</p>		
Impact on placements	<p>No new purchased placements. Major focus on community support. 12 young people enabled to return to their families, supported independence or existing in-house placements.</p>	<p>No new purchased placements. 12 young people to return to 5 residential beds, and 7 to fostering/family placements.</p>	<p>No new purchased placements 5 young people to return to new residential placements, 5 to fostering placements and 2 to the Orchard/Thor House.</p>	<p>No new purchased placements. 10 young people to return to family placements or supported independence.</p>	

Executive summary

In summary the issue is the cost of placements for Looked After and Accommodated young people, both residential and fostering and the lack of available local resources to target those who are at risk of requiring this provision. The budget is tied up in expensive purchased placements and not available to develop new solutions. The issue is not amenable to a quick fix and the proposed plan will take several years and require dedicated management support, together with a determination to hold the line.

This plan is proposed on the basis of spend-to-save. It will require significant up-front spending but the ideas on which it is based have been under discussion for a number of years and have widespread support in Children's Services. The plan also aligns to Redesign proposals and a Redesign plan which has already received member approval, as well as the plan to support the education of LAC already approved by the People Committee.

The alternative is to continue with incremental actions based on current resources, with limited impact.