

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	Thursday 03 February 2022
<b>Subject:</b>	Children and Young Peoples Sefton Pseudo Dynamic Purchasing System		
<b>Report of:</b>	Executive Director of Children's Social Care and Education	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Children's Social Care		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

### Summary:

The purpose of this report is to seek approval to establish a commissioning and procurement approach for purchasing services for children and young people who are assessed as requiring residential care or a fostering placement. This will enable Sefton to have greater oversight of the local provider market and work collaboratively and to ensure sufficiency and quality of provision.

The procurement is being undertaken by Sefton Council under the 'light touch regime' for social and other services as listed at Schedule 3 of the Public Contracts Regulations 2015 and will result in the establishment and growth of provision in Sefton to meet the needs of local children and young people.

The current commissioning arrangement established within the Liverpool City Region (LCR) and regional purchasing systems will continue to be utilised as a contingency as required in relation to the access of available and suitable residential and fostering placements following the establishment of the Sefton Pseudo Dynamic Purchasing System (PDPS).

### Recommendation(s):

- (1) Approve the commencement of a commissioning and procurement exercise by Sefton Council the provision of residential care and fostering placements for the children and young people of Sefton, including those with Special Educational Needs and Disabilities as outlined in this report.
- (2) Following the procurement exercise, approve the establishment of the purchasing approach for individual placements. This will include ensuring value for money services and support such as emergency provision, therapeutic wrap around support linked to evidenced need and the future development and consolidation of local provider partnerships within the Borough
- (3) Delegate decisions regarding the procurement exercise which includes evaluation criteria, service specifications and contracted terms to the Executive

Director of Children's Social Care and Education and to the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member for Children's Social Care, based upon advice from procurement and legal colleagues to ensure such decisions are in line with the Councils Contract Procedure Rules and current procurement legislation/guidance. Such decisions will be made in advance of the commencement of any procurement exercises.

- (4) Delegate authorisation of contracts called off the Sefton Pseudo Dynamic Purchasing System to the Director of Children's Services and in alignment with the scheme of delegation and the Councils Constitution. To ensure effective governance regular reports on expenditure will be made available to the Cabinet Member Children's Social Care.
- (5) Where there may be an impact on Adult Social Care budgets due to the transition of young people into Adult Social Care authorisation will be sought from the Executive Director of Adult Social Care and Health.

#### **Reasons for the Recommendation(s):**

- (1) The Commissioning Strategy and Market Position Statement for Children and Young People in Sefton was approved by Cabinet in January 2020 and included the need to encourage and develop the closer working relationships with local providers who can demonstrate good quality and value for money
- (2) The Joint Commissioning Strategy for Special Educational Needs and Disability (SEND) 2020-2023 was agreed by the Health and Wellbeing Board in March 2020 which included the improvement of the local offer so that the experiences of children and young people with SEND and their carers and families received joined up services which were easy to navigate, accessible and available
- (3) The market in Sefton has reached a point of significant concern which is mirrored nationally and regionally with the need to improve if not radically change its current purchasing and commissioning approach to improve outcomes for children and young people, improve the quality and safety of services and to reduce costs
- (4) The current market approach is over reliant on the response of the regional purchasing arrangements and LCR Purchasing System which due to escalating demand and insufficient responsive capacity has led to increased costs and concern in relation to the quality of provision, placement of children and young people outside of the borough and variable outcomes for Sefton Children and Young People
- (5) The development of a Sefton Pseudo Dynamic Purchasing system would enable the growth provision within Sefton which would focus on outcomes, would be more cost effective and responsive and would enable a partnership approach with providers
- (6) The Sefton Pseudo Dynamic Purchasing System would enable a stronger commissioning grip on quality and cost and would support the introduction of social value with a focus on local provision for local children with the continuation

of the regional purchasing systems and LCR Partnership Agreement as and when required

**Alternative Options Considered and Rejected:** (including any Risk Implications)

- (1) Maintaining the Status Quo- this was not considered a viable option due to the lack of current market capacity and escalating costs associated to the current use of the regional and LCR Purchasing Systems which is the only option currently for the Children and Young People of Sefton
- (2) There are increasing cost pressures and placement of children at distance which contravenes statutory requirements and good practice guidance
- (3) The Local Purchasing System will enable the collection of local placement data and intelligence which can be utilised to develop and strengthen a local commissioner and provider relationship with a clear line of sight to Sefton Children and Young People and associated costs

**What will it cost and how will it be financed?**

**(A) Revenue Costs**

There are no additional costs associated to the establishment of a Sefton Pseudo Dynamic Purchasing System. It is possible that through the local market approach there will be an opportunity to negotiate and influence a lower market rate based on robust provider relationships and through put of supply linked to demand for providers who are committed to Sefton.

**(B) Capital Costs**

There are no capital costs associated with this report.

**Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> The commissioning and procurement of the Sefton Pseudo Dynamic Purchasing System will require procurement and commissioning staffing resource and financial capacity to support the modelling of spend and activity when advising in relation to potential cost reduction and efficiencies.	
<b>Legal Implications:</b> The commissioning and procurement of the Sefton Pseudo Dynamic Purchasing System will be undertaken in accord with Council processes and current legislative guidance with regards to such purchasing systems.	
<b>Equality Implications:</b> The equality implications will be assessed as the procurement and commissioning is progressed and any changes are made to provision. The Cabinet Member for Children’s Social Care will be kept informed of all equality implications, risks and mitigation.	
<b>Climate Emergency Implications:</b> The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y

Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y

**Contribution to the Council's Core Purpose:**

<p>Protect the most vulnerable: A stable home improves the life chances of children and young people</p>
<p>Facilitate confident and resilient communities: Stable homes for children and young people with strong local social networks and education strengthens communities and builds resilience and community capacity</p>
<p>Commission, broker and provide core services: The Sefton Pseudo Dynamic Purchasing System will ensure sufficient capacity within the local market of Sefton which will offer value for money, good quality and promote excellent outcomes for Children and Young People. The Council as to respond to the sufficiency challenges and develop innovative local partnership arrangements with providers to:</p> <ul style="list-style-type: none"> <li>• Reduce costs</li> <li>• Improve quality</li> <li>• Support planned placements</li> <li>• Support step down from residential and avoid drift</li> <li>• Place the child at the centre of the commissioning approach to ensure that their voice is shapes future service developments based on lived experience</li> </ul>
<p>Place – leadership and influencer: The Sefton Pseudo Dynamic Purchasing System will promote diversity of provision within local communities and at place strengthening the wrap around support for children and young people to reduce risks and improve outcomes. The approach will enhance early help opportunities at place, wrapping the team of professionals and voluntary, faith and community support around the child to enhance their life chances as they prepare for adulthood</p>
<p>Drivers of change and reform: The Sefton Pseudo Dynamic Purchasing System based on its innovative approach of shaping local provision for local children in Sefton will inform a unique menu of support throughout the child's journey</p>
<p>Facilitate sustainable economic prosperity: The approach will foster local provision with local staff enhancing employment opportunities and encouraging the fundamental principles of social value</p>
<p>Greater income for social investment: The Sefton Pseudo Dynamic Purchasing System will potentially increase investment opportunities by working in partnership with providers based on a whole system approach with statutory partners, schools, colleges and the local Voluntary, Faith and Community Sector in Sefton.</p>
<p>Cleaner Greener Not Applicable</p>

**What consultations have taken place on the proposals and when?**

**(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services (FD.6659/22.) and the Chief Legal and Democratic Officer (LD.4859/22.) have been consulted and any comments have been incorporated into the report.

## **(B) External Consultations**

There has been engagement with the Clinical Commissioning Groups. A Market warming Event with providers was undertaken on the 12<sup>th</sup> of January 2022.

<b>Contact Officer:</b>	Carol Cater
Telephone Number:	0151 934 3614
Email Address:	carol.cater@sefton.gov.uk

### **Appendices:**

There are no Appendices to this report

### **Background Papers:**

There are no background papers to this report

### **Introduction/Background**

- 1.1 Children's Services nationally have been under pressure for more than a decade as a result of rising numbers of children being taken into care, more complex needs, austerity cuts to local authority budgets and deepening levels of poverty that have left many families struggling to cope. Private provision is playing an increasing role in the fostering and residential care market with escalating costs and an increasingly fragile position in relation to the financial health of some providers. The sufficiency of markets to meet demand as ever-increasing concern with issues in relation to quality, instability of placements and drift as alternative 'move on' and step-down support from residential to fostering is unable to respond.
- 1.2 The challenges highlighted by the national context are evident within the local context of Sefton and the wider Liverpool City Region. There are 621 children in Sefton who are looked after, with 70 children in residential homes and 137 children placed with Independent Fostering Agencies, which makes Sefton a national outlier.
- 1.3 The challenges in Sefton are further compounded by the fact that Sefton is an importer of children which has had a significant impact on the ability to place Sefton children in Sefton homes. There are currently 25 private residential providers operating in Sefton with a total bed capacity of 103. There are 25 Sefton children placed in the borough with 57 children placed outside of the borough.
- 1.4 The internal care homes are not currently in operation due to quality concerns and regulatory issues and the internal fostering service is subject to improvement which increases the dependency on the private provision.
- 1.5 The associated cost of external residential and fostering care is high. The residential budget is currently £11.472 million with a forecast spend as of the 31<sup>st</sup> December 2021 of £12.97 million, a £1.498 million projected overspend. The Independent

Fostering budget is £5.097 million with an actual spend of £3.816 million, a forecast of £5.100 million.

- 1.6 The market position in relation to sufficiency and quality is further compounded by a lack of emergency provision and an increased risk in relation to unregulated services. Section 22G of the Children Act 1989 requires Local Authorities to secure sufficient accommodation for children in care that meets their needs and is within the local area wherever this is reasonably practicable which is a sufficiency duty that Sefton is not currently able to meet.
- 1.7 Therefore, there is a need to improve the current purchasing and commissioning approach to improve outcomes for children and young people, improve the quality and safety of services and to reduce cost. The current market is over reliant on the responsiveness of the Regional and Liverpool City Region purchasing systems. The regional arrangements are based upon a collaboration of 23 local authorities and within the LCR Provider Partnership Agreement (PPA) six local authorities of which Sefton is one, with Wirral as the Host. The competition for placements in a shrinking market has led to an over reliance on transactional searching for individual placements and a lack of direct provider engagement with limited focus on building market relationships.
- 1.8 Subsequently, the consideration of the development of a combined local arrangement based on a partnership approach with both residential providers and independent fostering agencies is a priority. Such an approach would enable a more collaborative provider, commissioner relationship to inform a local market offer which would focus on outcomes for children, would be cost effective and would enable the collective provider led approach to support the step down from residential to fostering, thereby mitigating the risk of drift.
- 1.9 Strengthening commissioning oversight and management of the market in addition to the recommendation to establish a Sefton approach to procurement through a new purchasing system would enable a local grip on quality and cost. It would also enable the introduction of social value with a focus on local provision for local children. As identified in the National Procurement Strategy 2015 building strong relationships with social care providers is an important facet of good social care procurement, not least because it is a crucial factor in fostering innovation.
- 1.10 The core commissioning outcomes the 3 Year Local Framework would be looking to achieve are:
  - Local Homes for local Children and Young People
  - Through co-design ensuring services reflect the voice of children and young people in the specifications, key performance indicators and outcomes.
  - Effective market management and improvement of the relationship with providers to build a more collaborative approach and subsequent shaping of new and alternative models of support based on principles of co-design.
  - Improve quality through the consistent application of a local quality assurance framework
  - Increase local placement choice

- Services will be developed to meet individual need with a commitment to supporting step down and shape the growth of semi-independent residential placements.
- Social Value with providers committed to promoting local skills and employment, sustainable and local business growth, healthier, safer and resilient communities, promoting and enabling innovation, fair and ethical employment practice.

## **Procurement**

- 2.1 The use of a Sefton Pseudo Dynamic Purchasing System will enable the awarding of contracts in a way that best supports the needs of the child, ensuring that provision is safe, sustainable and offers value for money. It is anticipated that the Framework will be established in June 2022.
- 2.2 The Sefton Pseudo DPS will be advertised through the Public Contracts Regulations 2015 under the Light Touch approach and providers will be evaluated based upon their ability to work in a collaborative way with commissioners, a quality score, and understanding cost and social value.
- 2.3 Individual Contracts called off the Sefton Pseudo DPS will be based upon an individual service agreement which will outline the needs of the child and detail the service to be delivered.
- 2.4 Contracts will be awarded for a minimum period of 5 years, and regular reviews will be required to support ongoing provision, beyond this, based upon the needs of the child and continuity of support.
- 2.5 Calls offs will be enabled based upon a set of needs led, risk approaches around the child either via a mini competition to providers on the Sefton Pseudo DPS or a direct award where this is deemed the best option to meet the child's needs.
- 2.6 Authorisation of contracts called off will be undertaken in line with the Council's scheme of delegation, however it is recognised that in some cases the value of contracts will exceed thresholds and therefore delegated responsibility is sought from Cabinet to authorise the Executive Director and/or Head of Service based upon the value of the contract to authorise these contracts. Special provision for Children's residential rehab placements as referred to in 1.10.2 of the Contract Procedure Rules is in place, however this delegation seeks to extend this provision as above for any external foster or residential placements which are commonly above threshold. Such placements are often required in a timely manner and as directed through court processes and so the ability to bring these cases through cabinet on each occasion could delay the council meeting its statutory responsibilities and being held accountable by the court. To ensure effective governance regular reports on expenditure will be made available to the Cabinet Member Children's Social Care. Where there will be a longer-term impact on Adult Social Care in relation the transition of the young person at 18 years old then the Executive Director of Adult Social Care will be consulted.

## **Conclusion**

- 3.1 Cabinet is asked to approve the recommendations in this paper and the approach to establishing a local purchasing arrangement for Sefton, which will enable a more collaborative and closer partnership with providers to support children and young people in Sefton to live their best lives and be supported to remain in Sefton and establish a successful and flourishing future in the Borough.