



## Purchasing Services for Looked After Children and Children with Complex Needs

### Summary

Bath and North East Somerset is a Unitary Authority, serving a population of some 173,000. Approximately half of the population lives in the City of Bath, the rest in towns and villages in more rural parts. At any one time, the Authority has approximately 120 – 125 Children in Care and around 110 of these will be placed in fostering or residential placements.

A review of procuring placements has enabled Bath and North East Somerset to make savings and efficiencies, while at the same time improving quality and choice for the young people in its care.

“Changing our procedures has been challenging but we have been making better placements for children and, in the past year, we have seen cost savings of more than £150,000.”

**Marie Holmes, Commissioning and Contracts Officer, Bath and North East Somerset Council**

### Project background

The Council reviewed its purchasing of services for Looked After Children and Children with Complex Needs towards the end of 2004.

### Objectives

The aim was to develop:

- a more efficient process of looking for placements
- an emphasis on partnership working with providers
- greater transparency, fairness and equity in procurement
- improved placement choice to enable the most positive outcomes for children
- better management of information – including referrals and record keeping
- a thorough understanding of the market for different services and client groups
- improved financial accountability and cost savings

At the time the review was undertaken, if a child needed a placement, this would be sought initially with the in-house Family Placement Team, then externally with foster care providers, and finally in a residential setting. At each level, authorisation to look for a placement was required from group managers. There were concerns in a number of areas:

- **Placement choice and quality** – Sequential placement search meant limited placement choice and chances of good matching. The first vacancy found was often the one taken or selection depended on relationships between social workers and providers – and was not necessarily the best option.
- **Providers** – There was confusion for providers as different people managed the search at different times and providers could often be contacted more than once for the same case.
- **Time issues** - The staged gate-keeping process requiring authorisation at each level created inherent delays, sometimes resulting in last minute, expensive, emergency residential placements.
- **EU procurement principals require transparency, fairness and equity** - The providers contacted by Social Workers often depended on 'who knew who', with limited objectivity or impartiality in the decision making.
- **Information** – There was no standardisation of the information given to providers, making it difficult for them to assess whether they could provide the right service or not. There was also no process for collecting information on referrals or responses from providers to inform a commissioning strategy.
- **Data protection** – Social Workers were not always fully aware of their obligations and would sometimes fill in referral forms sent to them by providers, including all of a child's details.
- **Finance** – There were huge differences between social workers in negotiating prices and terms. Most simply accepted what was offered due to limited negotiating skills and/or comparative information. Poor links with finance resulted in the budget position not always being accurate.
- **A Social Worker could be required to complete a provider's own referral forms** - This sometimes meant spending significant time completing numerous different forms which essentially all required the same information.

In October 2006, a Placement and Purchasing Officer (PPO) was appointed to work with the Commissioning and Contracts Team to implement a new system of looking for, and negotiating, placements.

At the point that a placement for a child is required, the allocated Social Worker completes a Placement Request Form. This is a referral form created by the PPO which complies with data protection and includes all the essential information required by providers to judge whether or not they are able to offer a placement. This means that no unnecessary time is spent completing providers' referral documentation.

Once the form has been authorised by a Group Manager, it becomes the responsibility of the PPO to come up with a list of potential placements. This has meant that authorisation is no longer required to look in separate market areas. A tracking form is completed to keep a list of all responses from providers. From the choices available, the child's Social Worker will then consider which placement is most likely to deliver the required outcome.

An option appraisal form is completed unless the placement is made in an emergency. This form lists the criteria for the placement and considers how each available placement matches up against these.

The options available and the costs of these are provided to the Group Manager and authorisation is sought to make a placement. All the responses are kept so the Council has records and can explain its decisions should any future queries arise relevant to the placement decision.

The in-house Family Placement Team is the Local Authority's preferred provider. The service has had an excellent OFSTED report and is considered cost effective. Working internally makes other issues such as data protection and inter agency communication easier to manage. It is also more likely that placements will be in the local area. As such, the Council endeavours to place children with their in-house fostering service wherever possible.

Whether or not to send a referral solely to the in-house fostering service, or to include independent fostering providers from the outset, will depend on a number of factors that the PPO needs to consider. These include the level of the child's needs, knowledge of the market at a particular time, the urgency of the placement, duration of the placement and the impact of any other active referrals.

If, having taken these factors into consideration, the PPO feels that the in-house service is likely to provide an appropriate placement, a referral will be sent to them and not to the external market. This has been necessary as the work involved in managing provider responses can be significant, so this is minimised wherever possible.

If there is any doubt as to whether the in-house team can provide an appropriate placement, the referral will be sent electronically to all providers, including the in-house team, at the same time.

The Council has a list of providers and is currently working on creating a preferred provider list in partnership with other local authorities in the region, which would pre-qualify providers.

## Benefits

The new system has led to greater choice, increasing the likelihood of finding the best possible placement for a child. There are increased satisfaction levels among Social Workers regarding the quality of placements.

Also, duty officers' and Social Workers' time has been freed up as they now have to spend less time on form filling, looking for and negotiating placements, enabling them to focus more on the child and on work such as recruiting new foster carers to increase capacity.

Providers prefer the new system of having one person with whom to liaise. It has cut down on duplication and has enabled a professional relationship to develop.

More effective information and record keeping has improved knowledge of the market and has opened up opportunities for better management, partnership working and planning.

The Council has more accurate budget forecasts, as the PPO feeds in all the information, and also checks all invoices against the relevant contract.

Introducing a Placement and Purchasing Officer pays for itself in providing the capacity to tackle cost issues. In the first 10 months, the Council has seen savings of approximately £155,000:

- £5,000 from spotting incorrect invoices.
- £70,000 savings from fee negotiations prior to placements being made, and from being able to compare the fees offered by different providers - in one case, facilitating foster care rather than an expected residential placement.
- £80,000 saved from contract reviews, where a child's needs might have lessened but previously the fee might have remained the same.

## Critical Success Factors and Lessons Learned

The biggest challenge has been the change in culture - trying to move towards more partnership working with providers and working through the tensions of potentially opening up competition for the Council's own in-house services. There are a number of advantages and disadvantages which still need to be worked through and a Commissioning Strategy for Placements, that is currently being developed, is considering how best to manage this.

An important lesson to emerge, which made the changes a success, is the need for adequate preparation. The PPO was in post for two months prior to the new procedures being implemented. They completed an intensive induction and were actively involved in creating the necessary systems, tools and training sessions for social work teams.

Training for Social Workers now includes placement procedures and partnership working with providers. There has also been an office move to physically place the Placements Officer with the social work teams, at the heart of the process.

## Risks

There is a risk that social workers feel they do not have as much control. Good communication, raising awareness and getting staff on board are essential, so the process is seen as one which provides benefits rather than one which poses a threat.

A key issue is that greater placement choice in itself creates challenges. Decisions must take the cost of the placement into account, but also how well a placement can meet a child's needs. There is a risk of short term budget increases, as decisions are increasingly based on matching factors.

The Council is starting to take a long term view on placements and consider the 'whole life costing' of a placement. Placing a child in a placement that has the specialism required to progress the plan for a child, for example a return home, may be more cost effective in the long term. Placing a child in a less expensive placement, which is likely to run for a significantly longer period as carers may not have the skills to drive the plan forward, could be more costly.

Increasing the quality can cost more up front but can ultimately save thousands. It is vital to consider whole life costings and their impact on budgets.

## Role of SWCoE

South West Centre of Excellence provides a strategic overview and supports regional commissioning and provider forums, plus a cross-regional database, enabling a sharing of knowledge and tools among colleagues in different local authorities.

## Transferability

Inviting providers to tender for placements by streamlining the procurement process can lead to increased quality and choice while, at the same time, reducing costs. Such systems can be implemented in various care services, both for children and adults.

## Contact

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