Sandwell Council: Invest to Save Submission from Sandwell Children's Trust

1. Context

Sandwell Council and Sandwell Children's Trust have worked closely and highly effectively together to agree both a new contract sum for 2021-22 and an updated Medium-Term Financial Plan (MTFP) covering the extended period from 2021-24. This agreement sees some important increases in the annual funding of the Trust, based on changes is demand, and the continued expectation of the Trust achieving a break-even position by the end of this MTFP period.

To achieve a break-even position by the end of the financial year 23/24 continued effective delivery against a significant savings programme for the Trust across this 3-year period. This savings programme requires efficiencies be achieved in a number of key areas across the organisation. Most significantly a successful reshaping of the delivery of placements for children in the care system.

Between September 2020 and February 2021, a DfE Financial Advisor/Commissioner worked with the Council and the Trust to provide independent analysis of key areas of Trust expenditure and the future savings programme. A series of recommendations have been produced by the advisor/commissioner to support the budget setting process.

The negotiations and agreement of the revised MTFP have been undertaken amidst a pandemic and with considerable uncertainty about the impact this may have in the long-term on the cost of provision and demand for services. The Council have worked inclusively with the Trust and additional resources have been provided to mitigate against the direct impact of COVID on both children and young people and effective delivery of change programmes.

Feedback provided by Ofsted, following their monitoring visit in March 2021 has shown that the Trust has a continuing need to improve practice, ensure that pathways for referrals are appropriate and prioritise reunification within the family unit or permanency within a care environment.

Within the Service Delivery Contract there is a process included within the Financial Mechanism Schedule that allows the Trust to make in-year change requests. These change requests fall into two categories:

Type One – where: (i) there has been an increase in the demand for the Services and/or an additional cost to the Trust that could not reasonably have been anticipated when the overall budget for the relevant Contract Year was agreed by the Parties; or (ii) a business case proposal which would require an Increase to the Contract Sum but would deliver an improvement in the Services

Type Two – where the Trust wishes to make an Invest to Save proposal which would require an increase to the Contract Sum in the short term but which would pay back to the Council in terms of a future reduction in the Contract Sum

The proposal laid out in this document would fall into the latter category, a type 2 request. The additional initial increase in the contract sum would be recovered through the life of the current MTFP,and would see saving over and above those already set out in the MTFP.

It should be noted that the Trust is committed to delivering the cost savings already outlined in the MTFP and has a cost savings program already in place for that. The purpose of the Invest to Save proposal is to enhance these savings further by reviewing the strategic LAC offering, negotiating better value supplier frameworks and contracts through strategic commissioning, developing third party relationships and establishing new service offerings which can act as a form of step down for YP in high cost provision.

2. Context: The Financial Risk we are seeking to minimise

Across the country we see pressures on Councils spending on children's social care services. In the period 2009-18 children's social care spending has increased by 16% whilst spending on wider children's services has fallen (CIPFA/Institute for Government). In 2018/19 councils across England spent £770M more on children's social care than they had budgeted for (LGA).

The DfE advisor/commissioner found that Sandwell does not appear to be spending more per head of population on children in care in comparison with other Councils nationally and comparator groups. Approximately 6% of looked after children in Sandwell are placed in residential care, which is lower than the national average of 11%. Unit costs in key placement categories in comparison to some other Trusts also appear similar or lower in some forms of provision. However, recent data gathered by the West Midlands Commissioning Hub show that there are Council's in the West Midlands paying less on average for residential placements than Sandwell currently does. For example, Telford and Wrekin are paying 15% less on average for residential placements.

The new MTFP, given the level of uncertainty around the longer-term impact of COVID, is realistic in modifying expectations of further reductions in the rate per 10,000 of Children in Care. But as the DfE Commissioner described, 'Whilst the numbers of children in the care system may remain significant where you place those children when in care may be a matter of greater local determination and control'.

The new MTFP contains ambitious targets on increasing the numbers of placements available with internal foster carers, carers registered with Sandwell Children's Trusts independent fostering agency, whilst at the same time reducing those in external foster care, which will see a reduction in the overall average price of foster care. At the same time the Trust will be aiming maintain the number of children in residential at 6% of the total looked after population which we will be working actively to reduce over the life of the MTPF to 840. Combined these changes make highly significant contributions to savings in the overall care budget. This approach is described by the DfE advisor/commissioner as one that could "significantly reduce overall unit costs of foster care and enhance local placement availability at no detriment to quality".

The DfE advisor/commissioner observed that local ambitions to explore opportunities to better manage the market for residential care through the use of regional agreements, block contracting or even through developing new in-house provision although it appears that such work has not yet progressed to the point of delivery and is not having as yet a positive proactive impact on placement costs. Further to this he also identified additional actions the we could take:

- More assertive challenge of placement costs on individual cases of children in residential care.
- A local 'professional' fostering scheme (a Level 6 of current or a top level of any revised scheme) that could attract new talent to fostering, making the stretch target more deliverable whilst at the same time providing a broader range of placement options and

reducing the number of children being placed in residential care

In April 2018, when the Trust went live, it did so with no commissioning capacity. The sole commissioner remaining in children's services did not TUPE to the Trust, meaning that any commissioning work was undertaken as by staff from the procurement and placements team. The Trust created a commissioner role in December 2019, however even with this role filled there is not sufficient capacity to undertake all the work required to commission services as well as develop and implement a robust sufficiency strategy.

This bid seeks to enhance expertise and capacity within the Trust to implement a programme of transformation and efficiency linked to placements for children and young people.

3. The Approach that it is recommended to take:

There is a need to enhance strategic commissioning programme delivery within the Trust and just as importantly delivery capacity particularly in the area of reshaping care provision. Whilst an embryonic sufficiency strategy exists it is clear the work could be developed further and is seen as a wider leadership priority. The goal is to move both to a more sophisticated approach to understanding demand for care and a more assertive approach to managing and reshaping the care market than exists currently.

Additional capacity must combine professional credibility with commissioning expertise, financial acumen, project management and negotiation skills whilst at the same time working alongside and enhancing the capacity and ambitions of current key leaders of service provision within the Trust. The additional capacity will also increase the potential for joint commissioning ensuring stronger planning strategically and at an individual case level with key partners including the CCG and Education.

Leadership
The new Chief Executive of the Trust will chair a Reducing Demand and Cost in Children's Social Care Board monthly. This board will ensure value for money of LAC placement costs, ensure demand on LAC and Care Leavers is effectively managed to reduce costs and ensure progress against key milestones for key projects and manage risks/issues as they arise from individual projects/workstreams

The Director of Resources will chair a monthly Recommissioning Board which will provide effective and consistent governance of the programme of major re-commissions, develop and review procurement strategy and evaluation criteria and consider how costs / efficiencies can be achieved via the commission – including savings targets.

The above boards form part of the Transformation Programme of the Trust, in particular the strategic priority of Meeting Need and Measuring Progress. The involvement of senior leadership together with a clear governance structure will give this initiative the impetus it needs to succeed where it might not have done so in the past.

Invest to save funding would be used to establish key posts working together to deliver against the objectives described in this paper.

Role A: Strategic Commissioning Manager (Hay grade 1) *experienced at developing sufficiency strategies and implementing innovative models of care provision for children and young people either directly or through block/spot contracts, A commissioner confident in negotiations internally*

and externally including private sector providers and in ensuring individual contracts are robust and regularly reviewed for VFM. A post holder well versed in the commissioning of placements on a partnership basis. This individual should have experience of effective programme management.

Role B: A Social work team manager (grade I) *able to work alongside allocated social work practitioners/reviewing officers to oversee existing placements and facilitate both amendments to existing contracts or the movement of young people to bespoke newly created local family-based placements. This role will play a lead role in enabling teams to better understand the link between finances and care (focusing on how to get the best value from each placement for the child and for the Trust). To advise commissioners on reshaping local foster provision to meet assessed need and contribute to development of overarching sufficiency and efficiency programmes. To have detailed oversight knowledge of care placements outside of the Council and alongside Post A to advise senior leaders and commissioners of the form of strategic activity necessary to ensure delivery against MTFP.*

Both roles would spend equal time on the implementation of strategy as on the development of that strategy. Post A and B would be collocated together and work within commissioning function and whilst reporting to the Director of Resources they would be working on a matrix basis across the service alongside other key leaders particularly in operational services.

4. The Proposed level of "invest to save" funding:

The incumbent will be targeted to either reduce demand for high cost care, replace high cost care with lower cost alternatives and reduce the price that the Trust pays for care provision. It will focus in on external residential and external fostering provision.

Targets for the incumbent would include;

- reducing the cost of the top 10 external residential placements by 5% by considering specialist fostering provision, block contracts etc.
- stepping down 1 mother and baby residential placement to fostering
- reducing the average cost of external fostering by 5% by increasing adoption, internalization of service, reducing placement breakdowns (improving permanency)

Based on the assumption that seed investment from SMBC of £11,667 per month would begin in January 2022, the Trust would (if successful in delivering savings as demonstrated above) be generating in month savings in excess of this monthly investment figure by the end of 2022/23. The requirement is for 15 months of investment which will total £175,000. The role would continue to be funded albeit by the Trust from this point onwards via ongoing service cost reductions.

Should the Trust continue to deliver reduced costs in line with assumptions, the investment by SMBC would be **fully paid back by January 2024**. There would be flexibility within the model to pay back the investment over an extended timeframe should this become necessary however this proposed commercial dynamic both incentivizes the Trust to deliver cost led savings quickly and also reduces the investment risk to SMBC.

The Trust can not fully guarantee that the activity and savings can be fully delivered within the

timescales, given the nature of business and the fact that demand is not fully within the control of the Trust and there are a number of external dependencies.

5. Timescales for use

The proposals would require some lead in time to implement so it is therefore recommended that the funding is either provided as a single one-off funding or profiled across the following period which also shows the timing of proposed returns:

Timeline of investment	Yr 1	Yr 2	Yr 3	Yr 4	
	2021/22	2022/23	2023/24	2024/25	Total
Investment by SMBC	(35,000)	(140,000)	0		(175,000)
Investment by Trust			(140,000)	(140,000)	(280,000)
Saving		93,354	269,431	411,823	774,608
Net ROI	**(35,000)**	**(46,646)**	**129,431**	**271,823**	**319,608**
Cum ROI	**(35,000)**	**(81,646)**	**47,785**	**319,608**	

January 2022 – SMBC investment of £11,667 a month commences
Q4 2022/23 – In month return on investment exceeds monthly investment value.
March 2023 – SMBC cumulative investment of £175,000 ceases
April 2023 – SCT begins to self-fund investment from generated demand led returns
January 2024 – payback of investment from project returns is complete
February 2024 onwards – SCT determine future of investment in role and also retain further savings generated

An example of how these savings could be delivered is detailed in **Appendix 1**.

How these savings link back to the MTFP assumptions is demonstrated in **Appendix 2**.

A draft timeline against key milestones that the investment would be tasked to achieve is as follows;

Action	Due by	Rationale
Finalise sufficiency strategy	Within 3 months	Sets out approach to providing secure, safe and appropriate accommodation to children in care and care leavers. The document identifies the key challenges faced in achieving sufficiency and sets out the strategic approach to overcoming them.
Work with Fostering Manager to increase in-house fostering placement availability	Within 6 months	Evidence shows that in-house improvement (sufficiency and savings) is possible. With the right focus on what foster carers value it should be possible to recruit and retain more carers.
Set up residential block contract	Within 12 months	Under a block contract, a provider is guaranteed a fixed payment for a number of beds whether they are used or not. Generally, this is at a lower price than would be paid if the beds were purchased on a spot purchase basis. The block contract would be to meet a full range of needs, including challenging

		behaviour, of Sandwell looked after children
Conclude first round of supplier negotiations	Within 12 months	Working collaboratively with suppliers to drive a positive outcome to contract renegotiation revisiting areas such as duration, delivery, management, solutions and cost.
Access capital funding for GAP homes initiative	Within 18 months	Aim is to fill the gap between residential care and independence, particularly for those young people that are at risk of exploitation or offer a positive exit pathway from residential for those young people whose placements are breaking down but still need significant support or don't do well in communal living/shared accommodation.
Conclude work with strategic partners re joint commissioning of placements	Within 18 months	Key enabler of integrated care provision. Joint commissioning means health, education and social care organisations collaborating and sharing responsibility for integrated care services and their outcomes. This can involve organisations working in partnership at all stages of the commissioning process, from the assessment of needs, to the planning and procuring of services, and the monitoring of outcomes.
Lead on recommissioning of WM fostering framework	Within 2 years	The current framework expires in March 2023. Sandwell Children's Trust took the lead on behalf of the region on a re-procurement exercise for a new framework in 2020. SCT should again look to take a lead role in the agreement of the framework renewal driving up quality, choice and value for money within the IFA environment.

Progress against operational and savings targets would be reported back on a monthly basis with an opportunity to monitor and review the investment after 12 months.

6. Intended outcomes/impact of such funding:

- Enhanced sufficiency strategy and greater confidence in market management
- MTFP targets for the care population exceeded
- Influence local market provision and value for money
- Reductions in unit costs for residential care
- Increases in local in-house fostering placements above MTFP targets
- More children and young people in local family and residential settings
- Better outcomes for children and young people
- Improved and efficient joint commissioning of placements with other partners
- Better matching of provision to requirements of YP
- Better risk management of care pathways
- Positive Ofsted inspection feedback

7. Monitoring/Reporting of Impact:

It is anticipated that within the Trust a new Project Board for Placement Sufficiency will be established chaired at a senior level with representation across service/partners and to which the officers identified above would specifically report.

Regular updates against progress against key targets/milestones on Placements within the context of wider MTFP will be provided to both the Operational and Strategic forums already established with the Council.

The Annual budget setting process will provide a further opportunity to monitor impact of Invest to Save funding.

8. Risk Analysis

Risk Description	Collective Impact	Likelihood	Mitigation through Invest to Save
Lack of Availability of Sufficient Local Care Placements	Children placed at distance from Council	High	Medium
Local fostering service is not enhanced and fails to recruit more carers	Plans not progressed expediently	Medium/High	Medium
External care providers further increase fee levels	Increased use of external placements	Medium/High	Medium
Complexity of Care needs continues to increase	Increased cost of placements	Medium/High	Low/Medium
	Non-delivery against Trust MTFP	Medium/High	Low/Medium
	Ofsted criticism	Medium/High	Low
	Reputational damage to Trust and Council	Medium/High	Low

Appendix 1 – Monthly Analysis of Investment and Returns

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	**2021/22**
Investment from SMBC				(11,667)	(11,667)	(11,667)	**(35,000)**
Investment from Trust							
Total investment				**(11,667)**	**(11,667)**	**(11,667)**	**(35,000)**
Return							**0**
Residential							**0**
Mother and Baby Residential							**0**
Internal Foster Care							**0**
External Foster Care							**0**
Adoption Support							**0**
Total return	**0**	**0**	**0**	**0**	**0**	**0**	**0**
In month (cost) / return	**0**	**0**	**0**	**(11,667)**	**(11,667)**	**(11,667)**	**(35,000)**
Cum (cost) / return	**0**	**0**	**0**	**(11,667)**	**(23,333)**	**(35,000)**	**(35,000)**

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	**2022/23**
Investment from SMBC	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	**(140,000)**
Investment from Trust													
Total investment	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(140,000)**
Return													
Residential	2,098	2,098	2,098	2,098	2,098	2,098	3,148	3,148	3,148	6,295	6,295	6,295	**40,919**
Mother and Baby Residential				4,004	4,004	4,004	4,004	4,004	4,004	4,004	4,004	4,004	**36,036**
Internal Foster Care													**0**
External Foster Care				1,640	1,640	1,640	1,640	1,640	1,640	2,186	2,186	2,186	**16,398**
Adoption Support													**0**
Total return	**2,098**	**2,098**	**2,098**	**7,742**	**7,742**	**7,742**	**8,791**	**8,791**	**8,791**	**12,486**	**12,486**	**12,486**	**93,354**
In month (cost) / return	**(9,568)**	**(9,568)**	**(9,568)**	**(3,924)**	**(3,924)**	**(3,924)**	**(2,875)**	**(2,875)**	**(2,875)**	**819**	**819**	**819**	**(46,646)**
Cum (cost) / return	**(44,568)**	**(54,137)**	**(63,705)**	**(67,629)**	**(71,554)**	**(75,478)**	**(78,353)**	**(81,228)**	**(84,104)**	**(83,285)**	**(82,466)**	**(81,646)**	**(81,646)**

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	**2023/24**
Investment from SMBC													**0**
Investment from Trust	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	**(140,000)**
Total investment	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(140,000)**
Return													
Residential	8,394	8,394	8,394	10,072	10,072	10,072	12,591	12,591	12,591	16,787	16,787	16,787	**143,532**
Mother and Baby Residential	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	**49,008**
Internal Foster Care													**0**
External Foster Care	4,957	4,957	4,957	6,609	6,609	6,609	9,913	9,913	9,913	13,217	13,217	13,217	**104,087**
Adoption Support	(1,295)	(1,295)	(1,295)	(1,727)	(1,727)	(1,727)	(2,590)	(2,590)	(2,590)	(3,453)	(3,453)	(3,453)	**(27,195)**
Total return	**16,139**	**16,139**	**16,139**	**19,038**	**19,038**	**19,038**	**23,998**	**23,998**	**23,998**	**30,635**	**30,635**	**30,635**	**269,431**
In month (cost) / return	**4,473**	**4,473**	**4,473**	**7,372**	**7,372**	**7,372**	**12,331**	**12,331**	**12,331**	**18,969**	**18,969**	**18,969**	**129,431**
Cum (cost) / return	**(77,174)**	**(72,701)**	**(68,229)**	**(60,857)**	**(53,485)**	**(46,114)**	**(33,783)**	**(21,452)**	**(9,121)**	**9,848**	**28,816**	**47,785**	**47,785**

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	**2024/25**	**Total**
Investment from SMBC														**(175,000)**
Investment from Trust	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	(11,667)	**(140,000)**	**(280,000)**
Total investment	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(11,667)**	**(140,000)**	**(455,000)**
Return														
Residential	20,984	20,984	20,984	20,984	20,984	20,984	20,984	20,984	20,984	20,984	20,984	20,984	**251,810**	**436,261**
Mother and Baby Residential	4,165	4,165	4,165	4,165	4,165	4,165	4,165	4,165	4,165	4,165	4,165	4,165	**49,980**	**135,024**
Internal Foster Care	(1,314)	(1,314)	(1,314)	(1,314)	(1,314)	(1,314)	(1,314)	(1,314)	(1,314)	(1,314)	(1,314)	(1,314)	**(15,768)**	**(15,768)**
External Foster Care	14,009	14,009	14,009	14,009	14,009	14,009	14,009	21,013	21,013	21,013	21,013	21,013	**203,130**	**323,615**
Adoption Support	(5,284)	(5,284)	(5,284)	(5,284)	(5,284)	(5,284)	(5,284)	(5,284)	(5,284)	(5,284)	(5,284)	(5,284)	**(63,408)**	**(90,603)**
Total return	**32,560**	**32,560**	**32,560**	**32,560**	**32,560**	**32,560**	**32,560**	**39,565**	**39,565**	**39,565**	**39,565**	**39,565**	**425,744**	**788,529**
In month (cost) / return	**20,893**	**20,893**	**20,893**	**20,893**	**20,893**	**20,893**	**20,893**	**27,898**	**27,898**	**27,898**	**27,898**	**27,898**	**285,744**	**333,529**
Cum (cost) / return	**68,678**	**89,572**	**110,465**	**131,359**	**152,252**	**173,146**	**194,039**	**221,937**	**249,835**	**277,733**	**305,631**	**333,529**	**333,529**	**333,529**