

SURREY COUNTY COUNCIL**CABINET****DATE: 22 FEBRUARY 2022**

REPORT OF CABINET MEMBER: **CLARE CURRAN, CABINET MEMBER FOR CHILDREN AND FAMILIES**

LEAD OFFICER: **RACHAEL WARDELL, EXECUTIVE DIRECTOR – CHILDREN, FAMILIES & LIFELONG LEARNING**

SUBJECT: **WORKING WITH THE BIG FOSTERING PARTNERSHIP**

ORGANISATION STRATEGY PRIORITY AREA: **EMPOWERING COMMUNITIES**

Purpose of the Report:

The purpose of this report is to:

- provide a short overview of Surrey County Council’s ambitions to further increase the sufficiency of provision for looked after children in the county, including a clear priority to enable more children to live in family settings;
- set-out the rationale for enabling more children who have been placed in residential children’s homes to move to foster families over time (often called “stepping-down”);
- make clear recommendations how to increase the number of “step-downs” in Surrey, including the time-limited opportunity to work with the Big Fostering Partnership; and
- seek a Cabinet decision with regards to those recommendations.

Cabinet is asked to note that this proposal is one part of Surrey County Council’s comprehensive and strategic response to the priorities identified in our “Looked After Children and Care Leavers Sufficiency Strategy 2020-25”: Surrey homes for Surrey children; living in a family setting; a wide range of placements for diverse needs; homes of the highest quality; and support to move to independence. This work also directly aligns to Surrey’s Corporate Parenting Strategy.

This report supports the ‘Empowering Communities’ priority objective of the refreshed Organisation Strategy. It does this by enabling more looked after children to live in family settings in or close to Surrey, where this is appropriate to their individual needs and circumstances. This enriches our local communities and enables better lifelong outcomes for young people as they develop their resilience and independence.

Recommendations:

It is recommended that Cabinet:

1. Endorses Surrey County Council joining the Big Fostering Partnership from 1 April 2022, to work in collaboration with other Local Authorities to enable more looked after children who are living in residential children’s homes to move to living with foster families.

2. Authorises spend of up to £4 million via this partnership for the period from 1 April 2022 through to September 2024. This is a repurposing of budgeted funds within the existing Children's Services Placement budget envelope for placements.

Reason for Recommendations:

These recommendations will: enable better outcomes for looked after children; support more looked after children to live in or closer to Surrey; and improve value for money. Firstly, evidence shows that when looked after children live in families rather than children's homes this leads to better long-term outcomes, where this is done at an appropriate point in their care journey. Secondly, foster placements are more likely to be made in or closer to Surrey than residential placements, supporting Surrey County Council's ambitious Sufficiency Strategy and statutory duties as corporate parents. Thirdly, successful step-down placements offer improved value for money to Surrey residents - for comparison, Surrey's average weekly cost of children's residential provision is more than 3 times the price of a supportive and high-quality step-down foster placement. Our modelling suggests that this approach could reduce the spend from our Children's Services placement budget by some £5 million between 2022/23 and 2025/26.

Executive Summary:

Delivering our Looked After Children and Care Leaver Sufficiency Strategy 2020-25

1. As a local authority who are corporate parents to over 1,000 looked after children at any point in time, we want to enable them to achieve the best possible outcomes in their lives. We also have a clear statutory duty to secure (as far as reasonably practicable) enough accommodation that meets their needs within the local area. We have continued to make progress on this measure during 2021/22, reaching 54.0% of children in Surrey and 66.6% placed within 20 miles of the county as of December 2021.
2. As we look to sustain this progress, we continue to focus on the five high-level ambitions set out in Surrey County Council's Looked After Children and Care Leaver Sufficiency Strategy 2020-25: Surrey homes for Surrey children; living in a family setting; a wide range of placements for diverse needs; homes of the highest quality; and support to move to independence. Living in a family setting includes both increasing the proportion of looked after children who are placed in fostering provision and enabling more children who are in residential to step-down to fostering. This report focusses on the latter.
3. Our joint approach to achieving these ambitions, which is being supported by resources and oversight provided by the Placement Value and Outcomes (PVO) Transformation Programme, includes a comprehensive range of projects and initiatives that are focussed on further improving the number of looked after children and care leavers who live in and contribute to Surrey's communities. This includes developing placements that are run by Surrey County Council and externally commissioned from other organisations, across residential children's homes, supported accommodation and fostering, alongside efforts to further improve our social work practice and develop processes that support improved sufficiency and value for money.

Why do we want to enable more children to access foster placements?

4. As mentioned above, a key ambition in our Sufficiency Strategy is "living in a family setting". This is supported by published research, which suggests that looked after children achieve the best outcomes if they can be supported in a family (for example,

The Place of Residential Care in English Child Welfare System, Hart et al 2015).

Alongside this, we are currently implementing the No Wrong Door practice model in Surrey, which aims to enable better outcomes by preventing young people from entering care or access higher support than is required. This includes the principle of seeing residential provision as an intervention not a permanent destination. With these things in mind, enabling more children in Children's Homes to "step-down" to family settings, at an appropriate point in their journey, supports our overall strategy and results in better outcomes for children.

5. Through the PVO Transformation Programme, we have been exploring different opportunities that would enable more of Surrey's Looked After Children to step-down, including best practice examples from other local authorities and independent providers. The common characteristics of effective models are; appropriate assessment to determine a child's readiness to move into a family; comprehensive and proactive pre-planning to ensure the child is well matched with their foster carers and that appropriate training and support is provided; and enhanced, flexible support that is available during the initial months of a foster placement to support the child to settle in the foster family.
6. Whilst SCC is keen to explore the development of step-down practice within Surrey County Council teams, this is not a viable option in the short-term for the following reasons: other current competing service development priorities; the level of up-front investment that would be needed to establish a comprehensive, wrap-around step-down model; and the level of time it would take to establish the infrastructure and specialist roles required. With this in mind, we have identified the preferred option of working with an external partner to embed strong step-down practice in Surrey and scale up our capacity quickly, whilst also providing an opportunity to learn about what works and prepare the way for future development of in-house options.
7. In terms of the level of need, SCC had 1,080 children looked after as of the 31st of December 2021, with 140 children and young people in regulated residential placements including residential children's homes, residential schools, care homes, parenting assessment units and secure units. The challenge of enabling children to successfully step down from residential to fostering is well established, but we initially estimate, informed by our needs analysis, that we will be able to step-down around 10 additional children each year. This reflects a shift from reactive step-down practice, where step-downs happen in response to events that unfold in a child's placement, to a pro-active, systematic, and planned approach to step-downs over time.

Recommended approach and why – Working with Big Fostering Partnership Ltd (BFP)

8. Through work to explore options to enable more step-downs in Surrey, we have identified a strong, time-limited opportunity to begin working with Big Fostering Partnership from 1 April 2022. This is our recommended approach as it will enable better outcomes for looked after children, strengthen the Council's response to the statutory sufficiency duty, enable our internal teams to learn about what works to improve step-down practice for the long-term, and deliver improved value for money for residents and communities. We estimate that this innovative approach will enable us to step-down around 22 children through to January 2024 – with the last of any two-year placements made running until January 2026.
9. Big Fostering Partnership (which is a limited company) is an innovative "Special Purpose Vehicle" that has been established by Big Issue Invest (a large social investor), in collaboration with Staffordshire County Council, with the clear purpose of enabling looked after children to move from residential provision to foster placements and sustain

those for two years. Staffordshire and other local authorities with a shared desire to enable more step-downs, commissioned BFP to achieve this outcome for their looked after children. The BFP model is also being supported by the Department for Digital, Culture, Media, and Sport, through the national Life Chances Fund, which provides local authorities with a significant 16.9% subsidy on the cost of step-down placements made through BFP. The Life Chances Fund (LCF) is committed by central government to help people in society who face the most significant barriers to leading happy and productive lives. It provides top-up contributions to outcomes-based contracts involving social investment, referred to as Social Impact Bonds (SIB). These contracts must be locally commissioned and aim to tackle complex social problems. This fund is no longer open for new applications, so Surrey County Council has a unique opportunity to access this by working with BFP.

10. The interventions that support children within BFP are delivered by the National Fostering Group, who represent a large number of Independent Fostering Agencies across the country. They provide a well-established model of holistic support to enable successful step-downs. This begins with a readiness assessment to identify the children for whom stepping down to fostering is an appropriate option. Detailed and careful preparations are then made ahead of any step-downs taking place, including identifying and skilling up appropriate foster carers to meet the needs of the child. This work is done in partnership with Local Authority colleagues, so there is the best chance of success and a strong opportunity for SCC colleagues to strengthen their practice in this area. Once a child does move into a foster family, both the child and their carers are provided with intensive, holistic support during the initial months to stabilise the placement. Over time the level of support reduces, as the child and the family settle – hopefully reaching the point where the placement can continue with only minimal support. Each child's journey will be individual, with changes along the way, so BFP provides flexible support alongside local authorities for two years – to sustain the placement throughout this period and give the maximum chance of a lasting success. Two short case studies of children who have been supported to successfully live in a family through BFP have been appended to this report.
11. From a financial perspective, step-down placements delivered through BFP offer impressive value for money, when compared to placements made in residential provision. Whilst the evidence indicates that these placements enable better outcomes, each placement costs less than one third of the average weekly price of residential placements for Surrey's looked after children. An estimation of the likely total financial benefits associated with SCC working with the BFP is provided in paragraph 22.
12. BFP involves an outcomes-based payment model, with phased payments made over time as children are successfully enabled to remain in families. This model reduces financial risk to Surrey County Council - particularly in terms of up-front work done to prepare for step-downs. The social investment provided by Big Issue Invest funds this initial work, meaning there is no cost to local authorities until children are successfully supported to step-down. This transfer of risk to the social investor is a real, unique benefit to SCC of working with BFP. If we were to go it alone and establish our own step-down programme, either run by SCC in the longer-term or commissioned from a different external provider, not only would establishing the arrangement take additional time and resources, but SCC would need to provide up-front funding for delivery at its own risk.
13. In December 2021, Cabinet gave approval to the development of longer-term block contract arrangements for Independent Fostering Agency provision, as part of the Annual Procurement Forward Plan for 2022/23. This immediate opportunity to work with

BFP represents a first phase of that pre-approved work, enabling us to test at limited financial risk to SCC the potential of working with an independent provider to deliver step-downs to fostering. The learning gained from this initial opportunity will be invaluable in planning our longer-term next steps to develop the way we work with Independent Fostering Agencies in the future.

14. Alongside the approval secured above to develop longer-term options, the decision by SCC to work with BFP from 1 April 2022 does require Cabinet approval to ensure compliance with our Procurement Standing Orders, due to the level of expenditure that we potentially envisage will take place through the new arrangement – up to £4 million through to January 2026 (please note – this timescale is due to the two-year duration of step-down placements, which can be initiated through BFP up to January 2024). It is important to note that this does not represent new money, with placements funded from the existing children service’s placement budget.

15. From a legal perspective, SCC will be making a direct award to BFP under Regulation 32(2)(b)(ii) of The Public Contracts Regulations 2015 which states:

“where the works, supplies or services can be supplied only by a particular economic operator for any of the following reasons:—

(i) the aim of the procurement is the creation or acquisition of a unique work of art or artistic performance,

(ii) competition is absent for technical reasons,

(iii) the protection of exclusive rights, including intellectual property rights,

but only, in the case of paragraphs (ii) and (iii), where no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement.”

16. In summary and in addition to the central benefit of improved outcomes for Surrey’s looked after children, by taking the time-limited opportunity to work with BFP Surrey County Council is able to access:

- a. funding via the Life Chances Fund to secure a 16.9% subsidy on the cost of step-down placements.
- b. additional capacity and expertise from 1 April 2022 to proactively plan for step-downs and offer holistic support to children and their carers, delivered by a leading national provider.
- c. the opportunity to learn from the BFP model to inform the development of our step-down practice and provision; and
- d. pump-priming funding for this enhanced model through social finance, transferring the financial risk that would be involved were SCC to mobilise its own enhanced step-down programme to an established social investor.

Consultation:

17. This proposal has strong internal support from SCC Directors for Corporate Parenting and Commissioning, as well as the relevant Assistant Directors.

18. SCC joining Big Fostering Partnership has been endorsed at the Placement Value and Outcomes (PVO) Transformation Programme Board on 6 January 2022, who see this as a key project under the ongoing transformation programme in support of SCC's Looked After Children and Care Leaver Sufficiency Strategy 2021-25.
19. Engagement has taken place with the following external agencies to test the viability of the Big Fostering Partnership model for Surrey County Council, including: National Fostering Group; Big Issue Invest; Staffordshire County Council; and The National Lottery Community Fund (representing the Life Chances Fund run by the Department for Digital, Culture Media and Sport).

Risk Management and Implications:
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<ul style="list-style-type: none"> • Step-down placements made are not sustained and lead to additional placement moves for looked after children, negatively affecting their outcomes. 	<ul style="list-style-type: none"> • As a result of social investment available to Big Fostering Partnership, enhanced capacity is available for pro-active work over typically 3-6 months to assess children's readiness to step-down, match children with appropriate foster carers and plan the transition – all of which help to maximise the chance of a sustainable move, prior to placement changes being made and any SCC funding being committed. • Working with an established provider of step-down placements, who have a tried and tested model of wrap-around support for children and their foster carers, including the ability to increase or decrease support levels as needs change, means there are a range of options available to support placement stability should issues arise. • The model will involve close joint working between Surrey County Council staff and the third-party provider, so that challenges to the stability of a child's placement can be responded to quickly and collectively, but also, in the event a child does need to leave their step-down placement, this can be done in the most supportive way possible.
<ul style="list-style-type: none"> • Step-down placements made are not sustained, resulting in intended financial benefits not being realised. 	<ul style="list-style-type: none"> • The first two mitigations from the risk above also apply here, reducing the risk of financial benefits not being sustained. • In addition, the outcomes-based payment structure (whereby certain elements of the placement cost are only paid quarterly if the child remains with the family) means that the financial risk to SCC of children's placements not being sustained is shared with both the social investor and the Life Chances Fund. This makes a significant difference to potential financial risk taken on by SCC, compared to SCC undertaking step-downs outside of this arrangement. • The outcomes-based payment structure, alongside the child-centred value-based approach of all the organisations involved, means there are strong incentives for collaboration between all parties to enable children to stay in their foster placements, where these continue to enable good outcomes.
<ul style="list-style-type: none"> • The quantity of change happening across the children's 	<ul style="list-style-type: none"> • Whilst the level of change happening is significant, there is strong, shared buy-in from senior leaders across Children's Services and Commissioning to work together to ensure this

<p>services operation leads to reduced performance in relation to this new step-down service.</p>	<p>new initiative is appropriately prioritised, as an important aspect of our Sufficiency Strategy response.</p> <ul style="list-style-type: none"> • This model, as a result of social investment, brings with it dedicated additional capacity to deliver the planning and preparatory stages of the work, alongside Surrey County Council colleagues. This reduces the impact of the new initiative on existing teams and enhances likelihood of a successful implementation.
<ul style="list-style-type: none"> • The partnership with an independent provider of fostering services adversely impacts Surrey County Council's ability to recruit and retain foster carers within council run services. 	<ul style="list-style-type: none"> • Whilst there is likely to be some recruitment of foster carers by Independent Fostering Agencies (IFA) in and around Surrey to secure appropriate step-down options for children, the ambition is to focus on increasing Surrey County Council's usage of the current IFA foster carers in Surrey. The latest available data (31 March 2021) shows that only 22% of IFA placements in Surrey were used by Surrey County Council. • The total number of step-down foster placements that Surrey County Council is looking to make through this arrangement (around 10 a year) is relatively small – reflecting the fact that the model is carefully planned and focussed on children for whom this is genuinely the most appropriate pathway. Any additional foster carer recruitment in or around Surrey by IFA providers is likely to be minimal, particularly when considered alongside the previous point.

Financial and Value for Money Implications:

20. No new budget is being requested to fund this service, as this represents a repurposing of funds already within the Children's Services Placement budget. A step-down placement through the BFP offers improved value for money compared to an external residential placement, whilst also aligning with our strategies to support children as per paras 4-7.
21. The BFP financial model operates on the basis of a standard weekly fee, payable from the point a child successfully "steps-down" to a foster placement, along with an initial outcome payment at the start of the placement. There are then quarterly outcome payments made, should the child be supported to remain in their placement for the duration of each period. In the unfortunate situation that a placement does breakdown, noting that all parties will be working together to prevent this, SCC will not be required to pay any of the outcome payment for the quarter in which the placement ends. Lastly, there is a small weekly fee to contribute to the evaluation of the BFP model by the Life Chances Fund, to establish the effectiveness of this innovative approach. This model runs for up to two years from the placement start date, when the child's placement will revert to a standard foster placement with a weekly fee.
22. Our financial modelling suggests that this proposal could reduce costs by around £5.1 million from the placement budget, during the period from April 2022 through to January 2026, which is the theoretical last point a step-down placement could come to an end. The cost reductions are based on the difference (c.£3,200) in weekly cost for an external residential placement and the average weekly cost of a BFP step-down placement.

Table 1: Estimated efficiencies over time

Year	Estimated cost reduction (£'m)
22/23	0.76
23/24	2.16
24/25	1.75
25/26	0.39
Total	5.06

23. The estimated efficiencies shown above have conservatively been reduced to take account of the uncertainty involved in predicting the rate at which positive step-downs will be achieved for children. This reflects that fact this is a child-centred model, which responds to the complexity of children's individual circumstances, needs and aspirations.
24. The current MTFS for 22/23 includes an efficiency to increase in-house fostering capacity generating £334k of cost reductions. As per the estimated use of BFP, this target could be exceeded if the intended level of step-downs is achieved. The figures in table 1 represent the cost reduction in-year. Any adjustment to budgets to reflect these reductions would need to take account of the fact that the partnership is, currently, time limited.

Section 151 Officer Commentary:

25. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
26. As such, the Section 151 Officer supports the recommendations of this report as the projected approach will enable Surrey children to be supported in a way which generates good outcomes for children and is also cost effective for the Council.

Legal Implications – Monitoring Officer:

27. Contracts for services of this value need to be competitively tendered for under The Public Contracts Regulations 2015, as amended (PCRs). However, Regulation 32(2)(b) of the PCRs says that the Council can make a direct award of a contract to a provider where services can be supplied only by a particular provider, where competition is absent for technical reasons and where no reasonable alternative or substitute exists.
28. Legal will assist and advise, where required, on the various contracts and will arrange to have the same executed by the parties.

Equalities and Diversity:

29. There are no direct equalities implications arising from this report, but any actions taken will be consistent with the council's policies and procedures.

Other Implications:

30. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	<p>Joining the BFP supports the five priorities in our Looked After Children and Care Leavers Sufficiency Strategy 2020-25. It also supports the priorities set out in SCC's Corporate Parenting Strategy, including:</p> <p>Assessment and planning – Supporting children to live in family settings to provide stability and long-term care.</p> <p>Placements – Consider foster care as a first option of choice for all our children and young people; seeking to extend our placement options by implementing a robust placement sufficiency strategy; and maintaining a constant focus on increasing the numbers of our looked after children who are able to live within the county and close to their communities.</p> <p>Success measures – Placement stability; and children in care placed out of area or at a distance.</p>
Safeguarding responsibilities for vulnerable children and adults	<p>The Corporate Parenting Strategy makes clear the importance of helping children and young people be safe, feel safe and have stability - an essential role of all parents, especially the corporate parent. SCC needs to do everything to keep children safe and help them recover from trauma they may have experienced and protect from further harm. Through the procedures followed by the BFP in collaboration with SCC, careful planning and preparation with carers (training) and children (readiness assessment), alongside the additional therapeutic support offered throughout the placement, we will ensure children are kept safe and well-supported through any placement changes.</p>
Environmental sustainability	No significant impacts identified.
Compliance against net-zero emissions target and future climate compatibility/resilience	No significant impacts identified.
Public Health	No significant impacts identified

What Happens Next:

31. Subject to Cabinet approval of the recommendations set out in this report, we will make the necessary arrangements during March with our Legal and Procurement Teams to ensure Surrey is signed up to collaborate with the BFP from 1 April 2022 onwards.

32. We will also work with colleagues at BFP and National Fostering Group to ensure that on the ground preparations are made to start working with Surrey Children's Services to mobilise the new pathway from 1 April and begin realising benefits for Surrey children.
 33. Oversight of the implementation of the Big Fostering Partnership will be carried out through the Placement Value and Outcomes Transformation Programme Board.
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Consulted:

- Clare Curran, Cabinet Member for Children and Families
- Placement Value and Outcomes Transformation Programme Board

Annexes:

- Annex 1 – [Equality Impact Assessment](#) – Big Fostering Partnership
- Annex 2 – Case studies from the Big Fostering Partnership

Sources/background papers:

- [National Foster Group](#) website
- [Big Fostering Partnership](#) website