

# Market Position Statement Children & Families Placements

*Commissioning foster care through  
Independent Foster Agencies*

## 1 Executive Summary

- 1.1 Hampshire County Council currently spends £27.9 million on foster care placements; of which £13.1 million (47%) is with Independent Fostering Agencies (IFAs), who deliver approximately 376 foster care placements for children and young people. Growth between 2014/15 from 2013/14 was considerable with a 30% spend increase. However, this trend has not continued into 2015/16 and the spend on use of IFAs has actually decreased. With year on year budget reductions the Council is in a position where savings and efficiencies must be achieved within the context of continued good management of rising Looked After Children numbers.
- 1.2 The supply market for Independent Fostering Agencies (IFAs) is considered to be growing. Our marketing testing shows that private companies view this market as a good opportunity for business growth. However, the market is unstable with frequent ownership changes including equity company buy-outs and parent company changes being commonplace in the market. Ofsted inspection outcomes, which result in providers being rated below 'Good', change the eligibility of providers to be on frameworks.
- 1.3 Our marketing testing has focused on:
  - market dynamics;
  - full cost analysis of in house foster care costs and IFA rates;
  - analysis of the breakdown of placements;
  - identification of the split of placements between in house and IFAs.
- 1.4 The feedback established that the IFA market is competitive in terms of choice, but price differentiation is contained. Weekly differentials in cost of IFA and in house placement are more significant at lower levels of need (levels 1 and 2). Therefore it is most cost effective for better relationships and reliance to be built with the IFA market for more complex placements (level 3). Within the data available there is no clear evidence or data to demonstrate whether outcomes/placement stability are better with IFA or in house placements.
- 1.5 There is a significant level of inter-authority collaboration on procurement arrangements for placements but national research has indicated that the financial benefits of IFA frameworks diminish over the term of the contract due to poor contract management. In order to maximise the benefits identified in this market position statement, robust placement and contract management will be necessary. There is a broad range of types of placement currently met through one framework while the Council also tries to deliver the full spectrum of services, generating competition between the in house service and IFAs for the same carers and placements.
- 1.6 Hampshire County Council's future strategy aims to reduce competition between the Council and IFAs by clearly defining focus and priority for the Council's in house foster care provision. As a result, the Council will also be clearer with the market regarding those placements that will be available to the market through targeted contracts. There will be much greater transparency of forecasting to the marketplace of the Council's demand, which will facilitate those areas where capacity is required from IFAs.

The Council's strategy focuses on:

- targeted contracts with outcome orientated approaches to high cost, specialist placements;
- leveraging the benefit of working with a reduced number of IFAs for less complex placements;
- incorporating a degree of flexibility into arrangements to provide the opportunity to discuss the best approach at individual child level;
- facilitating more open and flexible arrangements supported by a cost model, which will provide much greater transparency of the breakdown of the cost for fostering placements and enable a clear understanding of the costs in respect of individual placements.

1.7 Hampshire County Council is one of only eight Local Authorities who have been selected as a 'Partner in Practice' with the Department for Education, to redefine children's social services. This will focus work on social work training, accreditation and reducing bureaucracy, enabling partners to capitalise on opportunities for reshaping social care.

## 2. Target Audience

2.1 This Market Position Statement is for Independent Fostering Agency providers who are delivering, are able to deliver, or are planning to deliver foster care services in Hampshire. This document will help to structure engagement between the County Council, service users, their family and friends, and providers regarding the future vision of this service.

### **The Market Position Statement will:**

Help identify what the future demand for placements is predicted to be

Help identify what supporting arrangements might look like

Act as a starting point for discussions between the Local Authority and those who provide services, in particular Independent Fostering Agencies (IFAs) and providers of specialist services

Provide data on current placements and forecast demand to inform providers on specific areas of growth or need

Provide an overview of the changes that Hampshire County Council plans to develop and communicate with providers about how their services will fit into the new strategy

2.2 The Council is committed to ensuring the delivery of successful outcomes through collaborative working arrangements with partner organisations,

reducing competition between IFAs and local authorities. The strategic approach will categorise foster care provision and will therefore highlight market opportunities and will include much greater transparency of data and information to enable providers, as well as the Council, the opportunity to better plan for future demand.

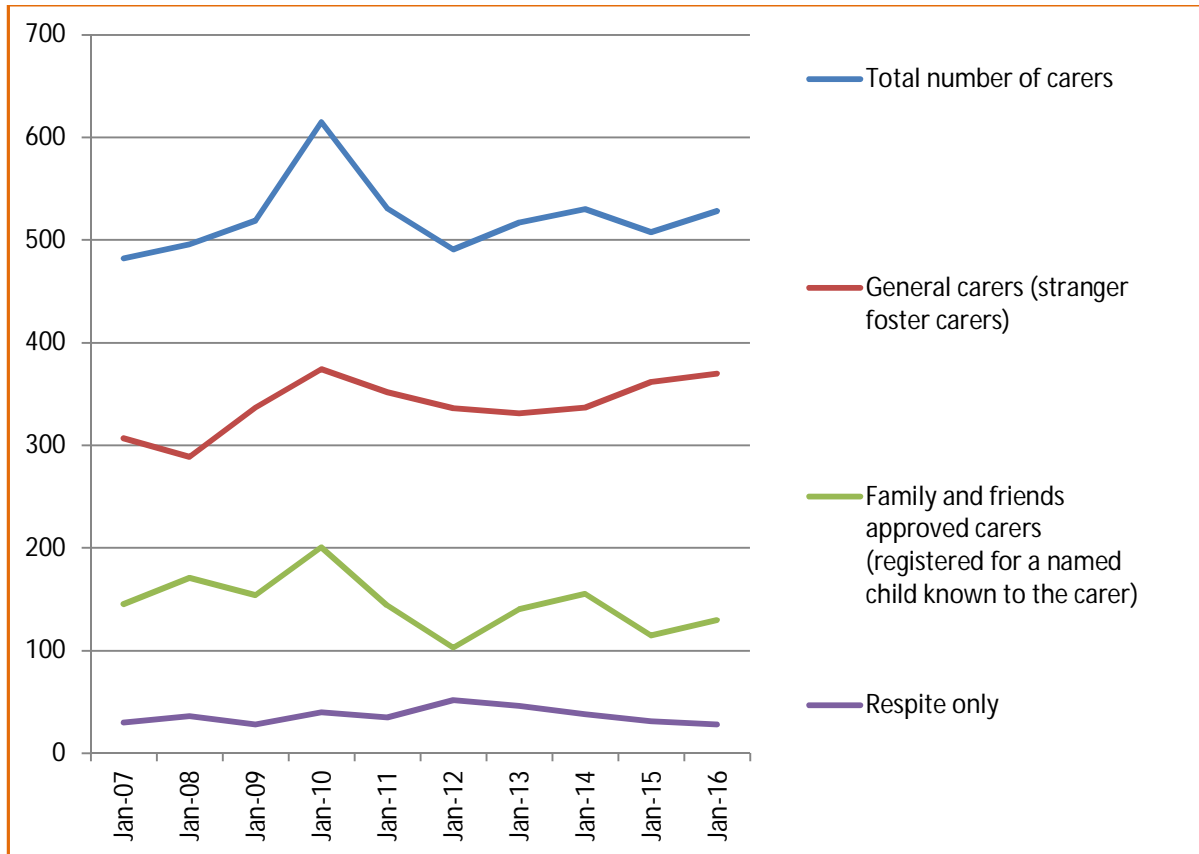
### **3. Description of the Market**

- 3.1 The Council's spend for 2015/16 is £13.4m on commissioning foster care placements through Independent Fostering Agencies, and £14.5m on delivering foster care through in-house foster carers. There is currently competition between IFAs and local authorities for foster carers due to the lack of availability of suitable placements within Hampshire.
- 3.2 The South Central IFA framework is currently used for making foster care placements with IFAs for all categories of need. The following disadvantages have been identified as being present with the current purchasing arrangements:
- places constraints on the Council and the providers in establishing the best placement for children and young people as there is not the ability to differentiate between needs due to fixed pricing structures for standard and enhanced placements;
  - discounts for siblings have not been defined;
  - the increased complexity of needs of children and young people results in difficult conversations between commissioners and IFAs in making appropriate placements at appropriate rates;
  - the current contract is restrictive and does not allow for conversations regarding individual placements to take place.
- 3.3 The level of complaints is low, but a high number of queries are received in respect of making individual placements. Monitoring on a collaborative scale is currently ineffective as experiences and perceptions of IFAs vary considerably for different local authorities.
- 3.4 The key pressure points in respect of the services are:
- making successful long term placements for children and young people with complex needs, specifically in the 11-17 year old age range;
  - providing short term intensive interventions to allow the young person to return home if that environment is deemed to be appropriate.
- 3.5 There is extensive council collated evidence demonstrating that managing changes in behaviour within the period of the placement is not effective at present. Hampshire County Council would like to develop a strategy which encourages sustaining placements by providing the necessary support and interventions. However, these must be appropriately assessed and reviewed, with the ability to reduce additional support services in line with the child or young person's needs or they have met the required outcomes.
- 3.6 Hampshire County Council's foster care service continues to actively recruit foster carers. It should be noted that there is no direct targeting of carers who are already working with an IFA, although it is recognised that there are

occasions where foster carers make the decision to move to other IFAs or the Council's own service.

3.7 The tables and charts below show a breakdown of the number and type of carers in Hampshire over the last nine years:

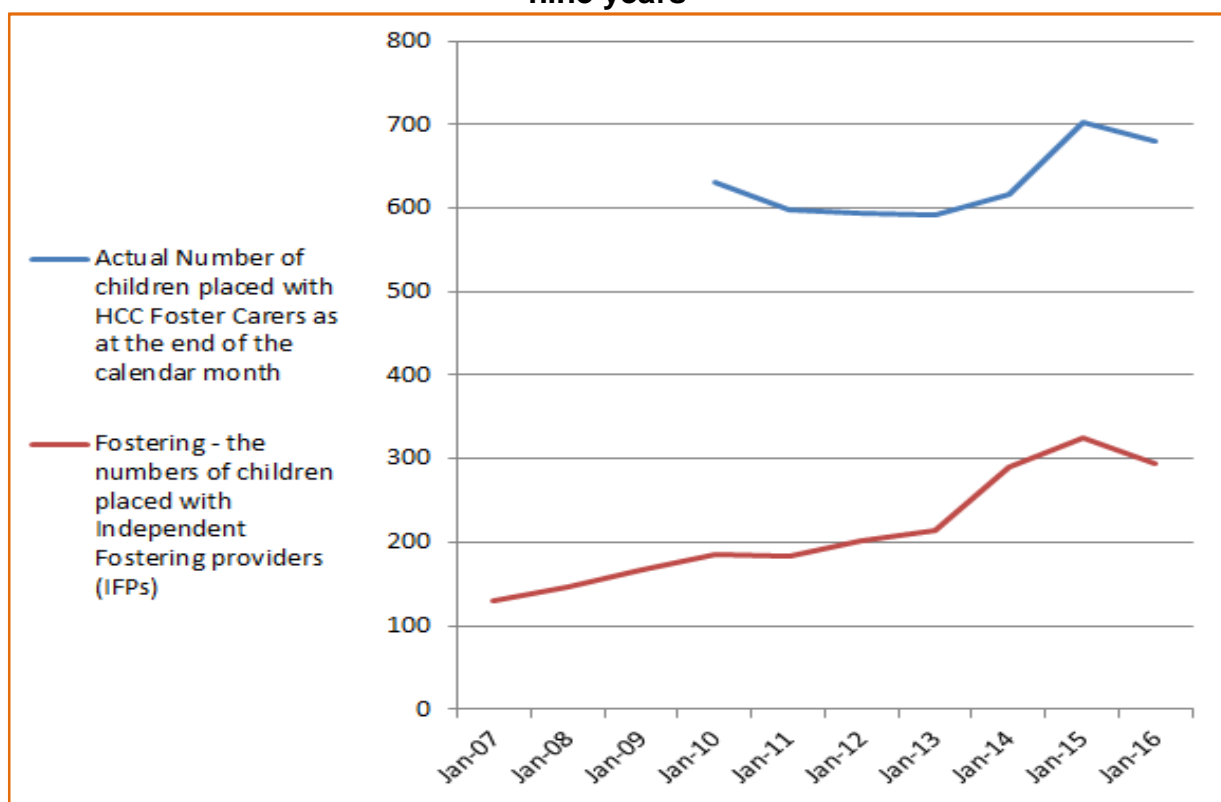
**Breakdown of Foster Carers by type**



#### 4. Current Services

- 4.1 Hampshire County Council currently commissions placements for foster care through the collaborative South Central IFA framework. Hampshire County Council's strategy will have an impact on the re-tender for the collaborative arrangement. The impact of this has been considered and communicated with the participating Councils and care has been taken to align market engagement and tendering activity accordingly.
- 4.2 The graph below shows the number of placements with in house foster care and IFAs over the last nine years.

**The number of placements made in house foster care and IFAs over the last nine years**



- 4.3 The cost of living, geographical location, house size and house prices reduce the pool of potential carers that can be recruited in the Hampshire area, as does the ability of carers to be approved for sibling groups. In the north of the England there is less pressure on foster care services due to local economics resulting in foster care being an attractive career choice. Hampshire also falls within the London commuter belt with career opportunities in the capital and the surrounding areas competing with foster care as a career choice. This has created capacity issues in the north of Hampshire.
- 4.4 The most significant number of referrals comes from the Fareham, Gosport and Havant areas. However, foster carer recruitment is also most successful in these areas.
- 4.5 This table below shows the number of children looked after (CLA) placed inside/outside the Local Authority boundary. This further identifies where the distance between home address and placement address is more or less than

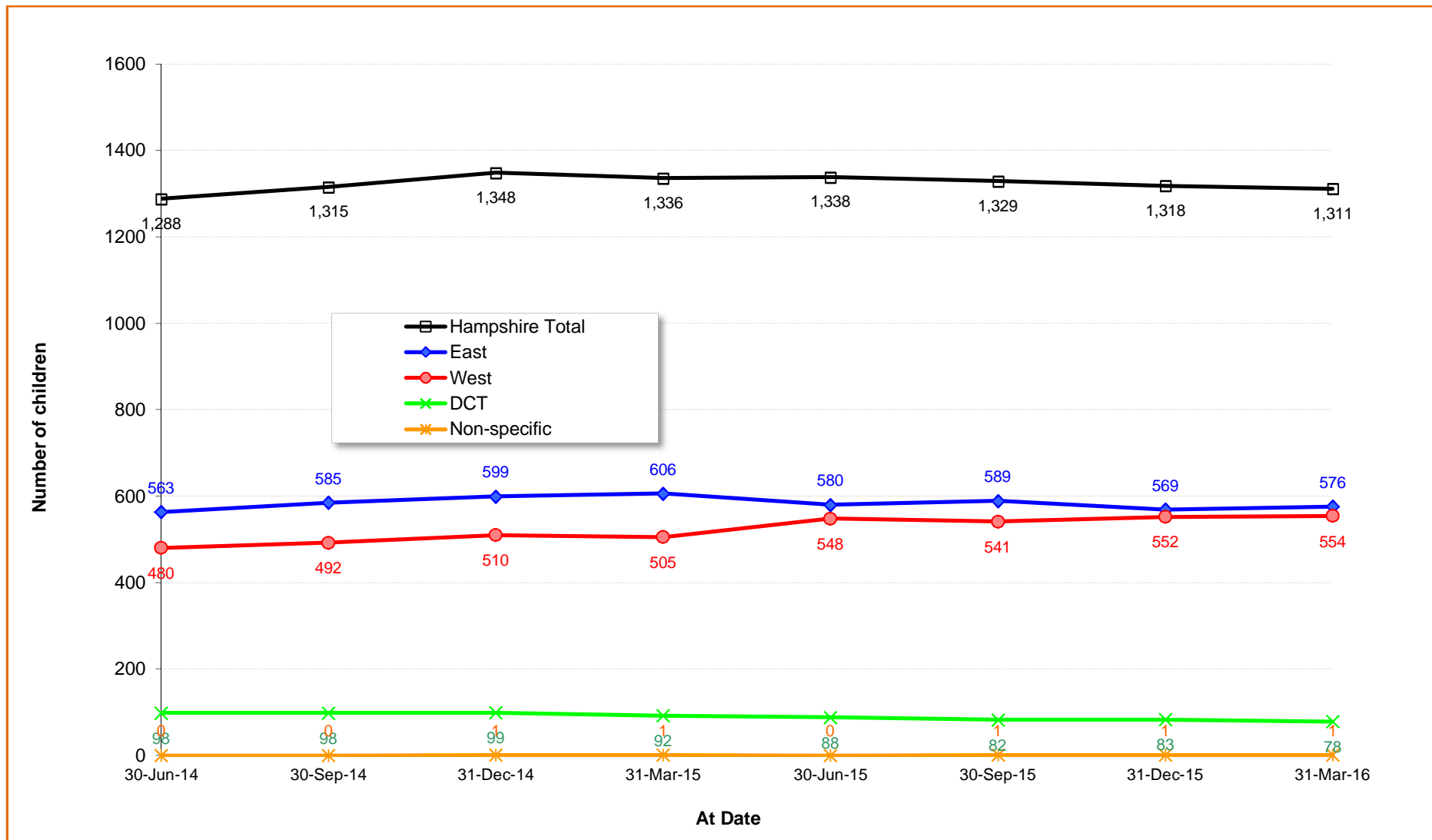
20 miles from where they used to live. What this shows is that 21% of children and young people in foster care, looked after by Hampshire County Council, are placed more than 20 miles away from the area where they have established links.

LA STATUS	Geographical Neighbour	<20 Miles	20+ Miles	Not known	Grand Total
Inside	Hampshire County Council	888	213	25	1126
Outside	Yes	124	70	5	199
					1325

- 4.6 73% of in house placements are for children aged 10 years and under with 50% of carers approved for 14/15 expressing a preference for fostering children aged 12 and under.
- 4.7 There were 520 registered foster carers in the county at the end of December 2015, which was an increase of 15 at the end of September 2015. There is roughly even distribution of carers in the east and west of the County, with 265 in the east and 255 in the west.
- 4.8 IFA's and the Council's in-house service try to accommodate all types and complexities of placement. The table below shows the breakdown of Children Looked After (CLA) by age in in-house or IFA foster care as at the end of March 2016.

Gender	Age Group	Foster (relative or friend)	Foster (HCC)	Foster (IFA)
Female	< 1	4	13	6
	1 - 4	20	21	3
	5 - 9	25	64	24
	10 - 15	43	104	58
	16 - 17	6	28	33
	18+	.	.	.
<b>Female Total</b>		<b>98</b>	<b>230</b>	<b>124</b>
Male	< 1	2	13	4
	1 - 4	23	30	13
	5 - 9	41	55	30
	10 - 15	30	105	76
	16 - 17	14	42	41
	18+	.	1	.
<b>Male Total</b>		<b>110</b>	<b>246</b>	<b>164</b>
<b>Grand Total</b>		<b>208</b>	<b>476</b>	<b>288</b>

4.9 Children in Care Population - The graph below illustrates the children in care population by area and identifies those children and young people who are under the Disabled Children's Team



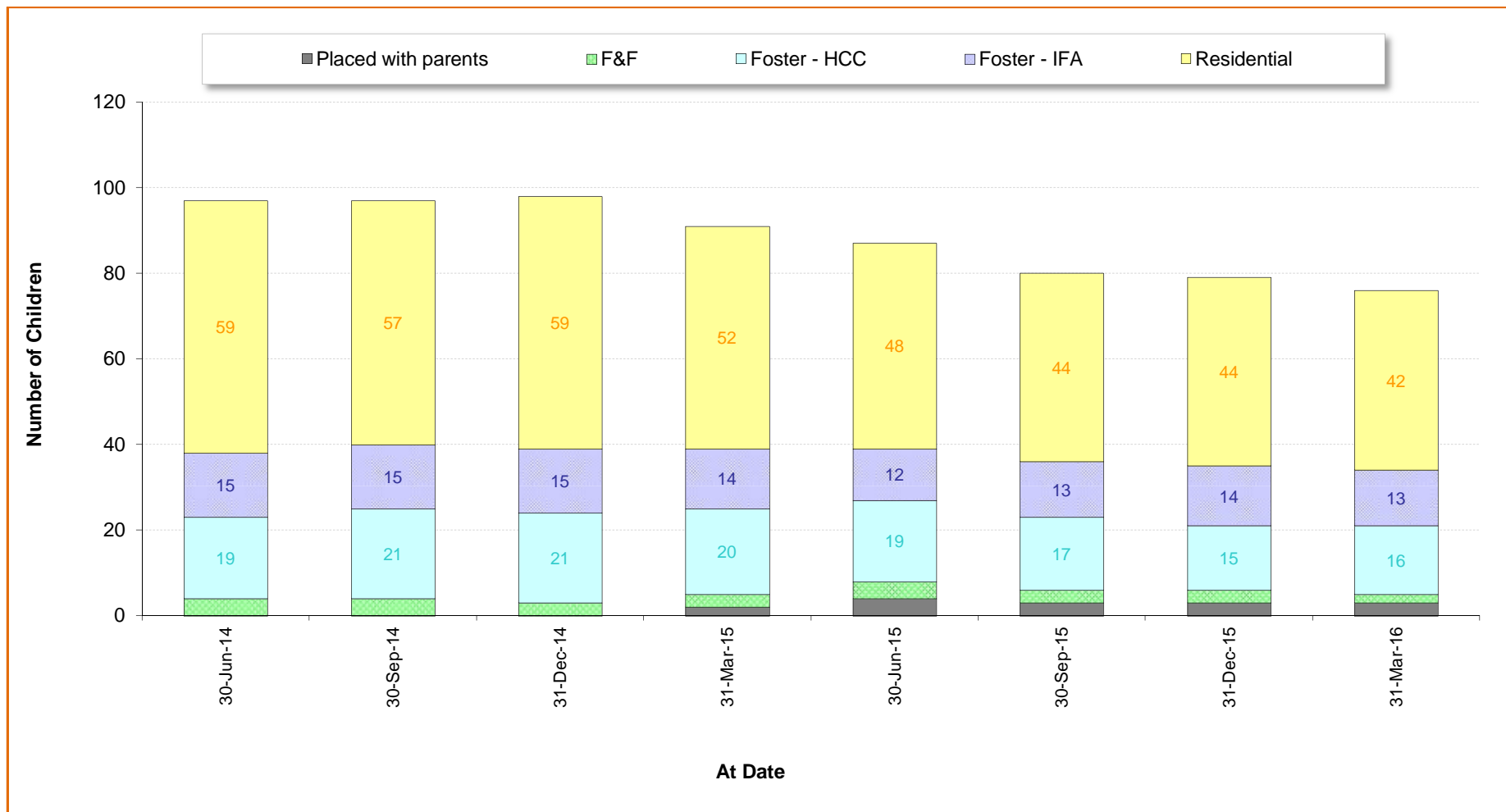


4.10 Full-Time CLA – by Placement (Excluding Disabled Children’s Teams) - The illustration below provides a further breakdown of Hampshire’s Looked After Children and identifies the type of placement that they were in in December 2015, this has been tracked quarterly over the preceding 21 months.



#### 4.11 Full-Time CLA by Placement (DCT Teams Only)

This graph represents the breakdown of placements for Looked After Children from the Disabled Children's Team:



## 5. Quality

- 5.1 To ensure our duty to secure welfare and meet the needs of all of our children in care, all providers of foster care must conform to the 'Fostering Services National Minimum Standards 2011'.

[Link to the Fostering Services National Minimum Standards 2011](#)

Alongside this, Hampshire will maintain its commitment to use only IFAs and specialist providers that are Ofsted rated 'Good' or above.

- 5.2 The County Council will work with providers to establish clear and well defined tools and procedures for monitoring outcomes. Outcomes will be established at an individual level and will be included in the Individual Placement Agreement (IPA) for the child or young person. Monitoring and progress will be reported back through Social Worker visits and Independent Reviewing Officer (IRO) feedback. Clearly established Key Performance Indicators (KPIs) will be used to monitor adherence to the National Minimum Standards.

### **Providers will be expected to:**

Ensure that all children and young people achieve their outcomes (as identified by the IPA)

Provide timely recording of KPIs and evidence of the achievement of individuals outcomes

Proactively manage placements to ensure that there is access to the correct level of support to ensure the outcomes can be achieved

## 6. Safeguarding

- 6.1 Safeguarding is the main priority of Children's Services departments, with corporate parental responsibility for Looked After Children (LAC). Providers must have child protection procedures and staff guidance in place and both must be linked to their recruitment and staff appraisal processes.

- 6.2 Provider policies should be consistent with the Hampshire Safeguarding Children's Board (HSCB) guidance and procedures which can be found on the [HSCB website](#).

## 7. Future Demand

### **Key messages:**

Numbers of Children Looked After are estimated to increase year on year placing further pressure on services

Referrals are higher in areas of deprivation

Referrals of older children and teenagers are increasing with 12-18 year olds accounting for 57% of the total spend on fostering and residential care

The needs of individual children and young people are becoming more complex, although the number of placements is stable

There are considerable gaps in provision in the north of the county

## 8. Commissioning Strategy 2017

8.1 Hampshire County Council's Placement Strategy clearly sets out the Council's priorities in terms of future commissioning and placements for Looked After children and young people.

8.2 Hampshire County Council's Children and Young People's Plan 2015-18 sets out the priorities for Hampshire's children and is the overarching strategy for Hampshire's Children's Trust, which represents all those working for and with children, young people and their families.  
<http://www3.hants.gov.uk/childrenservices/childrenandyoungpeople/cypp.htm#step-1>

8.2.1 The following priorities and outcomes within the plan apply to this Market Position Statement.

There is also extensive information in respect of the County Council's responsibility to act as the corporate parent' for Children Looked After.

<http://www3.hants.gov.uk/childrens-services/families/caring-for-children/children-looked-after.htm>

**Children and Young People’s Plan priorities applicable to the Market Position Statement:**

**Priority 1: Be healthy priorities:**

- Employ strategies with all agencies to promote emotional wellbeing and good mental health

**Priority 4: Make a positive contribution:**

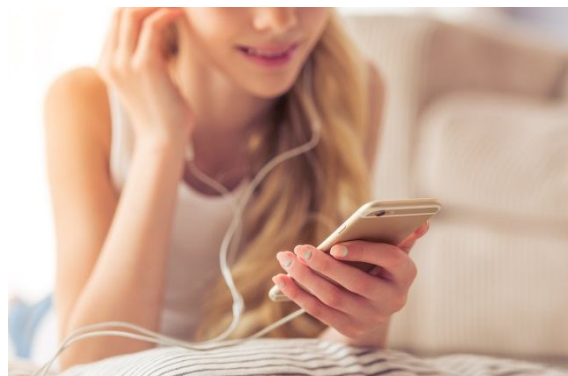
- Promote the meaningful participation of all children and young people, as we recognise the value of positive experiences which help children develop confidence and have a significant impact on the adults they grow into and their subsequent life

8.3 There will be an increased focus on reuniting children and young people with their parents. There will be an expectation that IFAs and foster carers are suitably trained and willing to work in partnership with the County Council to achieve this where it is in the best interests of the child or young person.

8.4 The Council’s Sufficiency Duty, as laid down in Section 22G of the Children Act 1989, describes how the Local Authority intends to provide sufficient care placements for its children in care. The Sufficiency Duty also helps ensure that the Council has the appropriate range of support resource options available to enable the needs of children in care and on the edge of care to be met in the most effective way and to achieve the best outcomes. The Sufficiency Duty covers: Early help for children and families; Managing Risk for children on the edge of care; Placement strategy; Adoption; In house provision of residential accommodation; Secure accommodation; Commissioned residential placements; and Post 16 and leaving care.



Sufficiency Duty  
Strategy 2016-18 Fin



## 9. Estimated Contract Values

9.1 The graph below identifies the breakdown of spend over the three financial years from 2013/14. A number of assumptions have been made in respect of the anticipated total contract value for future contracts. These are listed below.

Contract	Anticipated Total Contract Value (000s)	Historic spend per annum (HCC)								
		Number of placements (average) 13/14	Number of Bed nights	13/14 Total Spend (000s)	Number of placements (average) 14/15	Number of Bed nights	14/15 Total Spend (000s)	Number of placements (average) 15/16	Number of Bed nights	15/16 Total Spend (000s)
IFA Framework for Level 1 and 2	£44,000	187	73,532	£9,463	243	95,584	£11,251	225	91,720	£10,087
Parent and Child	£5,200	24	3,175	£538	35	5,752	£1,111	45	6,960	£1,297
Prevention of Offending Fostering	£1,500	38	2,004	£298	21	319	£160	19	1,868	£279
Trafficked and Unaccompanied Asylum Seeking Children	£2,440	24	8,639	£868	23	8,270	£805	23	8,570	£828
Level 3	£13,000	95	34,749	£3,554	106	38,518	£3,940	56	20,339	£2,080
Residential to Fostering Step Down	£1,000									
<b>Total</b>	<b>£67,140</b>							<b>368</b>		<b>£14,571</b>

- 9.2 Realistic future predictions of service demand have been established based on the data from the previous three years fostering placements within the specified categories. The anticipated total contract value assumes a contract length of four years per arrangement.
- 9.3 Level 1 and 2 placements - Commissioning intentions are to place 80% of Level 1 and 2 placements with in house foster carers with the remaining 20% being referred to IFAs to source suitable, well matched placements. (The current split is 67% in house and 33% with IFAs – the anticipated contract value is based on a move of 13% of placements to in-house. However, it is recognised that this move will not happen at the start of the new contract due to the need to maintain stable placements for children and young people.
- 9.4 Parent and Child – Based on the three year trend a year on year increase of 21% has been forecast, but assumes that a 10% reduction in costs is achievable.
- 9.5 Prevention of Offending – Under utilisation of the block contract makes forecasting for future contracts difficult. This forecasting assumes that the same number of bed nights will be commissioned for future contracts. However, the number of unused bed nights will be paid back to Hampshire County Council. Calculations indicate that a 10% reduction in costs is achievable.
- 9.6 Trafficked and Unaccompanied Asylum Seeking Children – Assumes that the 2015/16 total spend will be maintained throughout the four year contract/framework. Calculations assume that a 10% saving is achievable, but is based on current spend and does not take into consideration any impact that the current refugee crisis in Europe may have on the Council's numbers of Looked After Children.
- 9.7 Level 3 – Assumes four year value based on combined value of in-house and IFA placements in 15/16. Accurate breakdown prior to 15/16 is not available and therefore forecasting cannot be accurate. Calculations assume that no savings will be achieved through this contract, but that the establishment of a partnership arrangement will ensure long term savings through better placement matching, leading to stability and good outcomes for children and young people. More effective services and a better relationship with the market will be achieved through providing clarity on what services Hampshire commissions in-house, therefore reducing competition for carers.
- 9.8 Residential to Fostering Step Down – Through the current pilot project a number of children and young people have been identified for whom foster care would be a more suitable environment. The Council anticipates that both IFA and Non County Placements (NCP) providers will be willing to work with the Council to appropriately support transitions throughout the pilot project to maximise the potential for a successful transition. Values provided in 8.1 are based on requirements for a service to provide support for transition arrangements to be developed in the future.

## 10. Future direction and intentions

- 10.1 While the total number of children coming into care is forecast to increase over the coming years, the County Council needs to look at the most effective and efficient way of placing children and maintaining the upmost levels of safeguarding and quality, while being mindful of the cost of services and the need to reduce spend.
- 10.2 The Market Position Statement identifies that the most effective way of ensuring that the Local Authority is meeting the needs of individual children and young people, is to provide a range of different services to meet the needs of Looked After Children for whom the Council has corporate parental responsibility. This will ensure the best match to the Support Needs Assessment (SNA) for the child or young person. Carers under each category should be more capable of meeting the child or young person's needs and have the necessary experience, undertaken the required training and have access to the appropriate support to ensure effective delivery of the service and enable the achievement of required outcomes for the child or young person.
- 10.3 The Council will maintain its requirement to work with high performing providers that have a track record of delivering high quality services and to ensure that all providers have an Ofsted rating of 'Good' or above.

### **The Statement assumes that the following will be achieved as a result of the new contracts:**

- Reduction in costs of delivering specialist care support and interventions
- Better matching between the needs of the child and placements
- Reduction in the cost of post 18 care (Staying Put)
- Development of partnership arrangement with providers of care (IFAs)
- Reduction of competition between the Local Authority and IFAs through transparency of needs
- Greater integration across different agencies
- Increased potential for specialist providers and small to medium enterprises (SMEs) to deliver the required services
- Development of short term intensive interventions to prevent long term high level care commitments
- Innovation and service developments by working in partnership



- 10.5 It is imperative that better mechanisms for measuring placement stability and outcomes for all placements are established. New measures must evidence achievement of the outcomes required for the child or young person including planned move on/step down/reduction in services relevant to need, triggering cost renegotiation.
- 10.6 Through the establishment of targeted contracts. Hampshire County Council will be able to build more effective relationships with IFAs by reducing competition. Working with smaller numbers of providers within each category, and improving transparency, will facilitate a relationship based on trust and a move to a model based on a partnership. The production of this Market Position Statement will provide a level of visibility not previously communicated to the market.
- 10.7 Consultation with residential providers will be undertaken to establish an acceptable operating model, based on cost transparency and clear identification of the cost per placement with an established Support Needs Assessment (SNA) to determine the enhanced delivery requirements. This granular detail will be introduced to newly purchased arrangements and existing frameworks.
- 10.8 The identification of trends in provision will enable the establishment of block contracts with both IFAs and Residential Non County Placements (NCPs). Block contracts will be established for Assessment and Emergency placements. This is to ensure the availability of placements, whilst incorporating the assessment into the placement to facilitate successful long term placement matching.

