

**DERBYSHIRE COUNTY COUNCIL**  
**CABINET MEMBER FOR CHILDREN AND YOUNG PEOPLE**

**6 January 2015**

**Report of the Strategic Director for Children & Younger Adults**

**FOSTERING DEVELOPMENT**

**1. Purpose of the Report**

The Cabinet Member is requested to agree funding for development work to increase fostering capacity.

**2. Information and Analysis**

The Council cares for 632 (as at 31 October 2014) children and young people, and has a duty to provide sufficiency of care placements, with regard to numbers and type.

Of these children and young people, their care placements were as follows:

Placement type	Number of Children in Care at 31 March 2013		Number of Children in Care at 31 March 2014		Number of Children in Care at 31 Oct 2014	
	Number	% of total	Number	% of total	Number	% of total
Foster Placement (Agency)	127	19.1%	108	17.0%	107	16.9%
Foster Placement (DCC)	349	52.6%	342	53.8%	351	55.5%
Placed For Adoption	52	7.8%	60	9.4%	54	8.5%
Residential Placement (Agency)	45	6.8%	34	5.3%	40	6.3%
Residential Placement (DCC)	45	6.8%	51	8.0%	41	6.5%
Placed With Parents	15	2.3%	13	2.0%	12	1.9%
Independent Living	31	4.7%	28	4.4%	26	4.1%
Other	0		0		1	0.2%
Total	664	–	636	–	632	

Focusing on our 458 fostered children, Derbyshire currently places 23 % of our fostered children in Independent Fostering placements which compares well with national average usage of 31%. Further increasing the percentage of in- house foster placements will improve outcomes for

children in care and produce significant budget savings. On average an IFA placement costs at least £12,500 p.a. more than DCC. An added driver is that the age profile of current carers suggests that many will seek to retire over the next few years.

Building our overall fostering capacity is essential in redressing the balance between residential and family based care. The specialist DCC Contract carer scheme for teenagers with complex needs costs about £70,000 p.a. less than DCC residential care and for the majority of young people, though not all, supports them to achieve better outcomes.

iMPower was commissioned in July 2014 to undertake a project with the fostering service to identify existing strengths to build on, opportunities for service improvements and financial savings. The report by iMPower has recommended a structured and sustained programme of change, framed around current staff and carer values, focusing on improving the two key metrics that will increase the in-house share. This programme will involve implementing a number of changes, co-produced with staff and foster carers, across the four main opportunity areas:

- a) Enhancing enquiry quality
- b) Improving the carer experience through their 'journey to approval' and, ultimately, conversion rates to approved carers
- c) Increasing utilisation
- d) Strengthening the support offer and carer experience.

The end goal of this project is to avoid imminent cost growth and realise cashable savings by increasing the proportion of looked after children who are placed in in-house fostering placements, while maintaining or improving placement quality and outcomes for looked after children.

Based on benchmarking data, experience from elsewhere and discussions with the service, the report (Appendix 2) models the current service baseline and benefits scenarios for three levels of improvement – low, medium and high. The level of improvement is linked to the resources invested.

The proposal is to progress Scenario 2 – but build into the contract and funding arrangements a limited element of payments by results against set targets. Any such additional payments would be funded by the service from related savings from Agency placement fees.

The modelling suggests that, after a three-year period, net savings to the council base budget will be significant (with a further £177,000 p.a. of cost avoidance given the baseline trend). This is inclusive of:

- (a) Extra capacity required to recruit and support in-house foster carers (as modelling is based on a unit cost per placement)
- (b) Change costs, whether internal or external.

This proposal would help CAYA to achieve the savings in the costs of Children in Care which are already in its savings plan.

The underpinning theme for the programme is that involving foster carers in co-production of the developments is the best way of achieving sustainable and comprehensive change.

### 3. Human Resources Considerations

To implement the proposed programme, agreement is sought for one time-limited project manager (Grade 13); 2 additional recruitment and assessment social workers (Grade 9 to 11) and some additional capacity within CAYA Business Services Support (Grade 4/5) and a part-time Communications Officer (Grade 10) or similar, within Chief Executives Public Relations (this would be a reduced continuation of current arrangements).

### 4. Financial Considerations

Agreement is sought to extend the contract with iMPower, at a cost of £150,000 (plus 10% on costs so £165,000) for 15- 16 and £35,000 for 16-17, with £20,000 of this subject to achieving targets and thus savings. Agreement is also sought to maintain a specific marketing budget of £60,000 for 15-16 and thereafter £50,000 per annum.

<b>Effect of Pressure on Revenue Budget</b>						
	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>Ongoing</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Pay</b>	148,395	122,826	97,258	97,258	97,258	97,258
<b>Other Costs</b>	225,000	85,000	50,000	50,000	50,000	50,000
<b>Debt Charges</b>						
<b>Total Costs</b>	<b>373,395</b>	<b>207,826</b>	<b>147,258</b>	<b>147,258</b>	<b>147,258</b>	<b>147,258</b>
<b>Projected savings</b>	limited	(343,000)	(687,000)	tbc	tbc	tbc
<b>Net Cost/Income</b>	<b>373,395</b>	<b>(135,174)</b>	<b>(539,742)</b>	<b>tbc</b>	<b>tbc</b>	<b>tbc</b>

**5. Legal Considerations**

Section 22A of the Children Act 1989 provides that when a child is in the care of a Local Authority, it is its duty to provide the child with accommodation. Section 22 C goes on to confirm that the Council must place a child in the placement which is, in their opinion, the most appropriate placement available. The Council should give priority, where it is consistent with a child's welfare, to placements with persons connected to the child, such as family or friends. If this is not achievable then a placement with a foster carer or within a children's home should be considered. The County Council must ensure, so far as is reasonably practicable, that the placement is such that it allows a child to live near their home and does not disrupt the child's education or training. If the child has a sibling for whom the County Council is also providing accommodation, then the placement, so far as is reasonably practicable, should enable the child and their sibling to live together. If the child is disabled, the accommodation provided should be suitable, so far as is reasonably practicable, to the child's particular needs. The placement must be such that the child is provided with accommodation within the Local Authority's area, unless it is not reasonably practicable to do so. Section 22 G requires that the County Council take appropriate steps to ensure that there is sufficient accommodation for looked after children within their area, both in relation to quantity and also the type of accommodation to ensure children's needs are adequately met.

**6. Equality and Diversity Considerations**

An Equalities Impact Assessment which includes safeguarding issues will be commenced to inform the conduct of the programme.

**7. Other Considerations**

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, environmental, health, property and transport considerations.

**8. Key Decision?**

No

**9. Call-in**

Is it required that the call-in period be waived in respect of the decisions being proposed in the report? No

10. **Appendix**

- Appendix One – Budget detail
- Background Paper – iMPower report

11. **Strategic Director's Recommendation**

That the funding and related work to increase fostering capacity be approved.

**Ian Johnson**

**Acting Strategic Director for Children & Younger Adults**

**APPENDIX 1**

**SALARY COSTINGS**

**£**

Grade 13 - project manager	
Full time	
Salary (pt 46 incl pay award)	40,585
With oncosts	51,137

Grade 9 - 11 SW	
Full time	
Salary (pt 35 incl pay award)	29,221
With oncosts	36,818

<b>2 SW posts</b>	<b>73,637</b>
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Grade 10	
2 days p.w. 0.4FTE	
FT Salary (pt 33 incl pay award)	27,287
FT With oncosts	34,382
0.4FTE	13,753

Grade 5	
2.5 days p.w. 0.5FTE	
FT salary (pt 12 incl pay award)	15,664
FT with oncosts	19,737
0.5FTE	9,868

## PLACEMENT COSTS

	£
Average IFA placement per annum	41,000
Average internal fostering placement per annum (not incl overheads)	13,000
Impower internal placement cost incl staffing/management etc	28,500
Average contract care placement per annum (not incl overheads)	37,000
Impower contract care placement cost incl staffing/management etc	50,000
Average DCC residential placement per annum	120,000

## PREDICTED CHANGE TO PLACEMENT COSTS

	Continues to decrease	Scenario 2 predicted figures	Increase compared to predicted further reduction	Estimated saving compared to predicted further reduction*
2014-15	397	397	0	
2015-16	391	403	12	-£150,000
<b>2016-17</b>	<b>385</b>	<b>412</b>	<b>27</b>	<b>-£337,500</b>
<b>2017-18</b>	<b>380</b>	<b>435</b>	<b>55</b>	<b>-£687,500</b>
*Based on a difference in cost between an in house & agency fostering placement of £12,500 p.a.				

Author: Mary Wilton

**Derbyshire County Council**

# **Business Case**

**Project:**

**Family Values**

**Fostering Transformation**

**Version: 1.4**

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## **Purpose of Document**

The Business Case is the first document to be produced for a project and is used to justify the undertaking of the project and sets out the basis by which the project will be run. This will allow the reader to balance the perceived benefits, against the costs and risks involved in the project, allowing for authorisation to be given for the project to proceed.

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**Required:** The section must be completed and included in the document

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## Document Information

Version	Author	Date	Comments
V 0.3	Will Hammond	14/11/14	Draft for Mary Wilton review
V 0.4	Alastair Thompson	03/12/14	Minor presentational amends Clarification of change management cost based on Scenario 2 (section 8) Nb Some data ready for update in next version

iMPOWER were commissioned in July 2014 to undertake a project with the fostering service to identify existing strengths to build on, opportunities for service improvements and financial savings.

The project involved wide-ranging carer and staff engagement, including values segmentation, as well as extensive analysis and benchmarking of business metrics.

The key findings from the project were as follows:

1. The cost differential between a mainstream fostering placement and an independent fostering agency (IFA) placement is £12,500 p.a. Whilst specialist in house fostering places ('Contract Care') cost slightly more than a standard IFA placement, they are £11,000 cheaper than a higher need IFA placement and about £70,000 cheaper on average than an in-house residential placement. **In summary, there is a significant financial opportunity in increasing the share of fostering placements that are provided by the in-house service, and from developing greater in-house placement capability**
2. Whilst the current level of placement share is comparatively good (74% in-house share compared to 69% nationally), this has been declining in recent years (from 85% in 2011). This is predominantly because of a lack of capacity rather than capability within the in-house service: 86% of IFA placements are for 'core' (low) need placements, with around 30% in sibling groups.
3. The primary reasons for the current lack of capacity are that:
  - Approvals of new carers have stagnated at a level below the de-registration rate of carers (there is a net loss of carers each year)
  - Whilst the service generates significant numbers of enquiries, only 6% of these are currently converted into approvals ('good' guidance is 10% or more), and
  - Utilisation levels of carers are statistically low (50% compared to a national average of 69%), due to a number of factors.
4. DCC foster carers share a common set of values. They are predominantly 'Pioneers' – 'inner-directed' people - who foster to make a difference for local vulnerable children and want to work in partnership with the service to recruit and support more carers. This provides a powerful targeting framework for engagement and service development.
5. In recruitment, this means prioritising word-of-mouth methods by 'mobilising' foster carers and others to advocate in target community groups for DCC to generate 'high quality' enquiries (those both more willing and able to become foster carers).
6. In support, this means engaging with carers in different ways, providing transparency about placement needs and networking carers to increase resilience and capacity, capability and ultimately utilisation.
7. There is a big difference between the Contract Care and mainstream offer, but Contract Care lacks focus. The values-based engagement principles can be specifically applied here.

## **Summary**

Significant savings can be achieved through increasing the proportion of looked after children that are placed in in-house fostering places, with an additional benefit of improving average placement distance.

The report by iMPower has recommended a structured and sustained programme of change, framed around current staff and carer values, focussing on improving the two key metrics that will increase in-house share. This programme will involve implementing a number of changes, co-produced with staff and foster carers, across the four main opportunity areas:

1. Enhancing enquiry quality
2. Improving the carer experience through their 'journey the approval' and, ultimately, conversion rates to approved carers
3. Increasing utilisation
4. Strengthening the support offer and carer experience

The change programme will incorporate existing service plans and findings, and comprise of six elements:

1. Mobilisation
2. Enquiry generation
3. Journey to approval
4. Utilisation and capacity
5. Supporting and valuing carers
6. Enabling success

Based on experience from elsewhere and discussions with the service, three requirements for successful implementation have been identified:

1. Strategic profile / direction
2. Co-ordination and management
3. Workstream delivery

## Objectives

The end goal of this project is to avoid imminent cost growth and realise cashable savings by increasing the proportion of looked after children that are placed in in-house fostering placements, while maintaining or improving placement quality and outcomes for looked after children.

Intermediate objectives are:

1. Generating better qualified interest from the community, in particular from those currently under-represented areas / sections of society (e.g. younger / BME people).
2. Increasing the conversion rate to approval of people that are interested in becoming carers with Derbyshire CC
3. Increasing the utilisation of approved placements for in-house carers
4. Increasing, where possible, the capacity of approved carers to care for more children or harder to place children
5. Through the actions required to achieve the above, creating the conditions for a more meaningful partnership with foster carers, and
6. Developing staff ownership for the required changes, and embedding the values-based approach to customer care, to provide the basis for sustainable and continuous improvement.

## Scope

### Inclusions

The change programme will incorporate or link with improvement work already underway or planned by the fostering service, such as the development of the central placements team and renewed marketing activity. Where it is deemed that there are still necessary improvements, the aim is that they will be delivered in a manner that is consistent with the principles and values framework set out above.

## Exclusions

Resources for improvement reforms already underway have not been included in this business case, for example for the establishment of the central placements team.

Work to reduce overall numbers of LAC, and therefore overall placement costs, is not within the scope of this programme.

Improvement work related to residential and external fostering placements is also outside the scope of this programme, for example framework commissioning reviews.

However, it is likely that this programme will, through the recruitment of more contract carers, allow a number of *internal* residential placements to be transferred to family settings, with a significant cost-benefit (approximately £70,000 per placement).

## Benefits

Based on benchmarking data, experience from elsewhere and discussions with the service, this paper models the current service baseline and benefits scenarios for three levels of improvement – low, medium and high. The level of improvement is linked to the resources invested in that improvement.

Improvements in in-house sufficiency have been modelled using assumptions, agreed with the service, of increases in in-house carer approvals and utilisation levels.

The financial benefits modelled for each scenario are set out below (cost growth is signified by a negative number, and savings by a positive number):

Scenario	Outcome metric	14/15	15/16	16/17	17/18	Total
0	In year gross savings over base £	-25k	-76k	-127k	-177k	-405k
1	In year gross savings over base £	-24k	-32k	218k	485k	647k
2	In year gross savings over base £	-25k	-23k	343k	687k	981k
3	In year gross savings over base £	-25k	19k	568k	1016k	1577k
0	Change costs £ pa	0k	0k	0k	0k	0k
1	Change costs £ pa	-60k	-95k	-15k	0k	-195k
2	Change costs – impower + DCC £ pa	-120k	-210k	-15k	0k	-345k
3	Change- impower +DCC costs £ pa	-120k	-240k	-115k	0k	-475k
0	In year net savings over base £	-25k	-76k	-127k	-177k	-405k
1	In year net savings over base £	-84k	-127k	203k	485k	477k
2	In year net savings over base £	-145k	-233k	328k	687k	636k
3	In year net savings over base £	-145k	-221k	453k	1016k	1102k

The modelling suggests that, after a three year period, net savings to the council base budget will range from £485k to £1,016k p.a. (with a further £177k p.a. of cost avoidance given the baseline trend). This is inclusive of:

- (a) Extra capacity required to recruit and support in-house foster carers (as modelling is based on a unit cost per placement)
- (b) Change costs, whether internal or external (these are set out in detail in the costs section, below).

### Benefits (cont.)

Neither the work to date nor the implementation work focus explicitly on improving the quality of placements offered; however, the view of the service is that in-house placements can offer higher quality and better outcomes for looked after children. What is known, is that in-house placements are on average closer to the family home of the looked after child(ren). The targeted increase in in-house placement share is 11-20% after three years, resulting in less disruption.

Scenario	Outcome	14/15	15/16	16/17	17/18	Total
0	Placement share %	69%	68%	67%	66%	66%
1	Placement share %	69%	70%	79%	80%	80%
2	Placement share %	69%	70%	84%	84%	84%
3	Placement share %	69%	72%	91%	89%	89%

## Project Options

Options considered:

As set out above, three improvement scenarios have been modelled based on differing levels of investment and improvement.

The net savings potential of the three options, after three years and compared with current levels of expenditure, is:

Option 1 - £465,000 p.a.

Option 2 - £667,000 p.a.

Option 3 - £996,000 p.a.



## Timescales

In summary, the expected timescales are:

Now – Feb '15 – Project mobilisation:

- Detailed planning and recruitment of carers and staff to working groups
- Development of benefits tracking tools
- Implementation of quick wins

Feb '15 – Jul '15 – Design phase across all workstreams

- Co-production and – design of specific initiatives
- Commence roll out of initiatives and new ways of working

Jul '15 – Dec '15 – Embed into business as usual

- Continue roll out across workstreams
- Embed new ways of working throughout the service
- Identify further initiatives where necessary

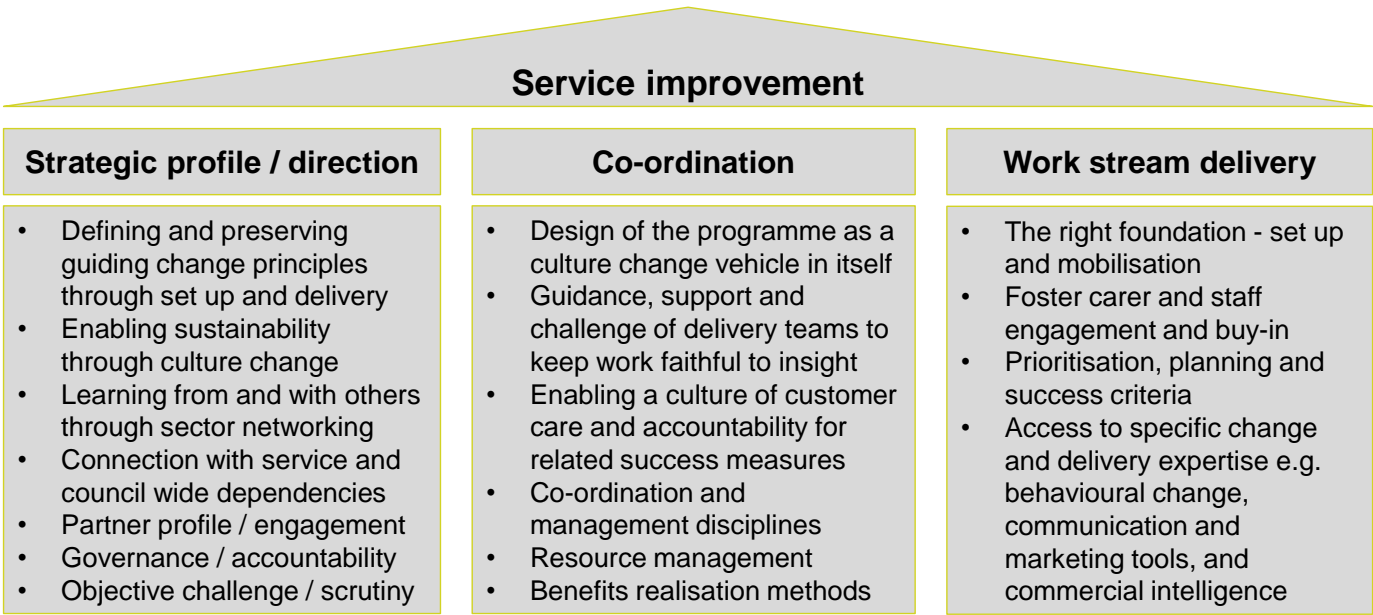
Jan '16 – Jul '16

- Monitor and review and track changes and benefits
- Design and roll out further initiatives

Costs

As the in-house share of placements increases, it will be necessary to transfer some of the budget for the commissioning of IFA placements to the fostering service to cover in-house carer allowances. The need for more recruitment and assessment, and carer support capacity in the in house service will also require the transfer of budget from the IFA budget to the in house service, although these costs are discretionary. The view of service managers and iMPower is that existing capacity in the service is sufficient to manage a proportion of the increase in recruitment and support activity. **It is important to note that all (gross) savings modelled have taken into account the extra operational costs described above, as they are based on the current unit costs of placements.**

Based on experience from elsewhere, iMPower have identified the factors that will underpin the successful delivery of values-based change:



The estimated change costs associated with each of the scenarios modelled are set out below:

Scenario	Outcome metric	14/15	15/16	16/17	17/18	Total
0 – Base	Change costs £ pa	0k	0k	0k	0k	0k
1- In-house support	Change costs £ pa	-60k	-95k	-15k	0k	-195k
2 – Ext. and DCC support	Change costs £ pa	-120k	-210k	-15k	0k	-345k
3 – Ext. and DCC support	Change costs £ pa	-120k	-240k	-115k	0k	-475k
+						

## Costs (cont.)

The investment required to deliver the change varies according to the level of ambition and savings targets.

For the recommended option (budgeting on the basis of Scenario 2 whilst retaining the option to strive for 3), a mix of internal and external resources are required and set out in detail below (total over 3 years of £195k).

Estimated **internal resource** requirements:

£000's						
Change activity	14/15	15/16	16/17	17/18	Total	Notes
Project Officer	15	45	15	0	75	1 FTE for 20 months to manage change work
Recruitment and assessment staff	25	50	0	0	75	1 FTE for increased recruitment activity before capacity increase
Marketing	10	10	0	0	20	One off cost for brand refresh
Marketing	5	10	0	0	15	One off cost for design of collateral
Marketing	5	5	0	0	10	One off cost for online channel review and optimisation
<b>Total</b>	<b>60</b>	<b>115</b>	<b>15</b>	<b>0</b>	<b>195</b>	

Estimated **external resource** requirements: NB THIS IS SUBJECT TO IMPOWER'S INTERNAL QA PROCESSES. IN THE INTERESTS OF PROGRESS WE HAVE INCLUDED BEST ESTIMATES FOR COSTS BELOW.

In order to deliver the ambition of securing, as a minimum, the benefits associated with scenario 2, with the flexibility to achieve further savings and in-house share, the external resources required for 15/16 will be £150,000 (plus on costs at 10%). This resource will enable the service to access a blend of expertise and extra capacity across all three of the change requirements: strategy, project management and delivery, with a strong knowledge and experience of implementing service improvements in fostering using a values-based approach. This includes the ability to support the service to achieve the necessary cultural change and embed the key learning from the work to date, providing the basis for sustainable and continuous improvement. It will also allow the authority to share learning from other authorities within the Family Values programme.

It is recommended that the Council contract in a way which allows headroom to call off further work, if and when the Council has sight of the further benefits can be achieved through doing so.

## 9. Risks & Issues

The risks identified to date for this project are as follows:

1. Staff do not engage in the change process or initiatives
2. The assumptions and improvement targets are not achievable
3. Carers do not engage with the change process or new ways of working
4. There is a lack of political will for transformation
5. There are not adequate resources to manage the change or support additional capacity within the service
6. Changes in other areas of the department (in particular children's social work teams) pose a barrier to improvement opportunities
7. Cuts to centralised service (Management information / PR) negatively impact the ability of the service to deliver the necessary improvements

No	Date	Description	Likelihood	Severity	Countermeasure
1	14.11.14	Staff do not engage in the change process or initiatives	Medium	High	Extensive engagement work to date Staff across all tier to be involved in change programme and governance Programme comms strategy to be developed and implemented
2	14.11.14	The assumptions and improvement targets are not achievable	Low	High	Assumptions developed based on benchmark data, impact elsewhere and bottom up for each metric Assumptions to be finalised with finance and service
3	14.11.14	Utilisation improvements not achievable	Low	Medium	Assumptions based on national benchmarks Potential for extra focus on recruitment of carers to increase service capacity, especially with external support
4	14.11.14	Carers do not engage with the change process or new ways of working	Low	High	Extensive carer engagement to date Carers to have direct involvement in change programme in working groups and governance Programme comms strategy to be developed and implemented
5	14.11.14	There is a lack of political will for transformation	Low	Medium	Good political engagement to date Continued stakeholder mapping and engagement required
6	14.11.14	Inadequate resources to manage the change or support additional capacity within the service	Medium	High	Detailed resource requirement worked up as part of invest to save case Secure internal and external resource to ensure capacity to deliver change
7	14.11.14	Changes in other areas of the department (in particular children's social work teams) pose a barrier to improvement opportunities	Medium	Medium	Reporting link to programme board to be establish with mitigating actions to be agreed

No	Date	Description	Likelihood	Severity	Countermeasure
8	14.11.14	Cuts to centralised service (Management information / PR) negatively impact the ability of the service to deliver the necessary improvements	Medium	Medium	Map existing capacity and ringfence for the programme requirements

## 10. Interested Parties / Stakeholders

tbc

Title	Name	Role in Project	Responsible For
Project Sponsor	Mary Wilton	Ensure project achieves projected benefits	Steering project and ensuring it remains in line with strategy
Project Manager	tbc	To manage the project day-to-day	Delivery of project within agreed quality, time and cost constraints

## 11. Equalities Impact Assessment

Minimum: tbc

## 12. References

### Relevant documents:

Family Values Full Findings Report

Family Values Business Analysis Report