Review of sufficiency strategies in London

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Executive Summary

Under the Children Act 1989 section 22G, local authorities have the duty to provide accommodation and support for looked after children in their local authority area as far as reasonably practicable. This is referred to as 'sufficiency duty'; each authority communicates how it intends to meet this duty by issuing a publicly available sufficiency strategy.

In recent years, there has been increased demand for children's services nationwide, and London authorities are experiencing a similar pattern. The demographics of children and young people requiring the support continues to evolve, and their needs have become more complex. However, suitable accommodation for London's looked after children, children's homes in particular, has been in short supply. The cost pressure is increasing, as the spending on children's services in London is expected to escalate from £1.8 billion in 2018/19. Also, the concerns regarding the use of unregulated placements and quality of provisions add another layer of complexity to the sufficiency duty of London authorities.

On this premise, this report provides an analysis of 33 London authorities' sufficiency strategies which aims to assess sustainability initiatives across London boroughs and to inform the development of a collaborative approach. The study utilised the 31 sufficiency strategy documents issued by London authorities, four of which formed two bi-boroughs.

The summary of the findings is as follows:

- Cost pressure stemming from areas referred to as 'high-cost low-incidence' is particularly acute and felt by most London authorities.
- The precise definition (or the quantification) of high-cost low-incidence area was not always clear, although many authorities identify residential placements as such.
- London authorities observe similar trends in demand and work with a similar set of independent providers, but collaboration on commissioning remains limited at the local or sub-regional level.
- Due to limited supply, commissioning decisions are sometimes made based on availability rather than evidence-based on effectiveness of placements.
- Monitoring placement quality and children's outcomes heavily relies on the Ofsted ratings, which is often used in the selection of service providers.
- Multiple initiatives seek to improve commissioning practices and facilitate information sharing between London authorities, but these are often limited to a sub-regional level.

Based on the findings above, the recommendations include:

- (Short term) Rationalise the use of residential care placements:
    - Establish a clear strategic vision, evaluate the current use of the provision, and explore alternative placement options.
    - Increase the focus on assessing children's needs and develop a commissioning checklist for evaluation and cost-effectiveness.
- (Short term) Scrutinise and stay informed of the market:
    - Assess current capacity, analyse trends, and anticipate the impact on future capacity.
    - Build a pan-London information-sharing system for information on availability, cost and quality of provisions to enable commissioning intelligence.
    - Consolidate multi-authority collaborations for improved cost efficiency and market engagement.
- (Medium- / Long-term) Formulate a pan-London response to manage highly probable high cost provisions.
- (Medium- / Long-term) Strengthen early help programmes, integrate with provisions for looked after children, such as No Wrong Door.

Introduction

Recent research and reviews have highlighted increased demand and consequent cost pressures on local authorities in England, particularly in terms of adolescent entrants into care, and the complexity of their needs (Holmes, Forthcoming). In response, there has been a range of different initiatives; among them, the development of innovative practices and placements to meet the needs of the growing adolescent population in care placements (Rees, Luke, Sebba, & McNeish, 2017). There are also growing concerns about the use of unregulated placements (Greatbatch and Tate, 2020).

The annual expenditure on children's social care in London equates to £1.8 billion in 2018/19, about a £230 million increase from the initial budget (Ministry of Housing Communities and Local Government (MHCLG), 2019). Around 43% of this, £780 million, is spent on placements for looked after children.

Recent reports by Children's Commissioner's Office (2019) and National Audit Office (NAO) highlighted the cost pressure felt by children's services. In particular, the report by CCO (2018) states that around 60% of the annual spending was directed to statutory support, although the number of children supported in this way represents only 7% of children who receive any type of support from local authorities. The same report also shows that provisions for a subset of children, who are placed in residential care or have an education health or care plan (EHCP), have highly complex needs are resource intensive. However, this provision for a small subset of children among those who are looked after by their local authorities gives rise to the notion of 'high-cost low-incidence'.

London boroughs employ a diverse series of strategies and arrangements to procure placements. Local authorities provide internal placements (foster care, and in some instances residential children's homes) and also place children with independent providers (purchased placements). The current arrangements sometimes result in competition between local authorities as placement purchasers. An earlier study by Institute of Public Care (IPC, 2018) shows that London authorities use various strategies to secure a sufficient number of placements at individual, sub-regional and regional levels. However, the statutory duty ultimately lies within the individual authority. In the current climate where demand increases while supply decreases, an absence of coherent and comprehensive commissioning practices at the (sub-)regional level may lead to competition between local authorities to secure placements for their children. The issue of potential competition may be greater for London, as 33 London authorities collectively account for over one fifth of 151 English authorities with sufficiency duty: a much smaller geographical area with a higher number of children to support.

On this premise, this study aims to provide a summary of existing placement sufficiency and sustainability initiatives across London authorities, and provide recommendations to inform the development of a new approach, focusing on high-cost low-incidence placements.

Sufficiency documents are designed for communicating authorities' strategy at a relatively high level. As such, we found that details on a particular strategy or specific commissioning effort are often not available, although we appreciate that further information and data are likely to be available at a local level. Consequently, this study should be viewed as a high-level analysis, which aims to assess the context of the current challenges independently and discuss possible future directions. We also make recommendations about data usage to inform future strategies and to address placement sufficiency.

Data and analysis methodology are explained in the following section. Findings are then presented in the three themes of high-cost low-incidence areas, trends in demand, and sufficiency strategies used by London authorities. Recommendations are discussed after the findings, followed by the Conclusion.

Data and methodology

This small-scale, desk-based study is based on 31 sufficiency strategy documents that are published by 29 local authorities and two bi-boroughs in London. As sufficiency strategies are formulated by each authority, the period to which the document corresponds varies. In this report, a mention of a local authority is followed by the reporting period; for example, Barking and Dagenham; 2018-2020. However, some figures that are included in this report, such as looked after children characteristics and cost estimations, are likely to refer to the years prior to the report period. The complete list of the London authorities, bi-boroughs, and the report period is shown in Table 1.

The approach to the analysis was as follows; first, data were collated using the analysis framework, which is explained in detail below. The analysis then focused on identifying similarities and differences in the commissioning strategies for the current and future children in care population, with cost considerations. The analysis is based solely on the commissioning strategy documents without additional financial information. Cost quantifications in this report, therefore, are based on the figures that are reported by the local authorities in the sufficiency documents unless otherwise stated.

The breadth and depth of information available inevitably varies as there is no consistent format in the sufficiency documents; the analysis framework was developed to collect the data from the sufficiency documents. The analytical framework is designed to capture the local-specific context and the overall direction of commissioning strategy of the local authority. This includes the characteristics of general and children in care populations, local authorities' principles or preferences on making placements, and the current practices in monitoring spending and quality of services.

TABLE 1. LIST OF THE SUFFICIENCY DOCUMENTS REVIEWED IN THIS STUDY

Local authority	Report period	Local authority	Report period
Barking and Dagenham	2018-2020	Havering	2013
Barnet	2019-2023	Hillingdon	2019-2022
Bexley	2019-2022	Hounslow	2017-2020
Brent	2017-2020	Islington	2016-2019
Bromley	2018-2023	(Bi-borough) Kensington and Chelsea, Westminster	2020-2022
Camden	2018-2019	(Bi-borough) Kingston and Richmond	2014-2017
City of London	2018-2021	Lambeth	2017-2020
Croydon	2019-2021	Lewisham	2019-2022
Ealing	2018-2021	Merton	2019-2021
Enfield	2018-2021	Newham	2019-2022
Greenwich	2018-2022	Redbridge	2017
Hackney	2019-2022	Southwark	2018-2022
Hammersmith and Fulham	2019-2022	Sutton	2019-2022
		Tower Hamlets	2019-2022
Haringey	2018-2021	Waltham Forest	2018-2021
Harrow	2019-2024	Wandsworth	2020-2021

The second part of the analysis framework is organised to collect data by types of support and placement characteristics, such as early help, foster care, residential care, leaving care and adoption. In each category, data collection includes the number of children supported, current challenges, strategies for the near future, any planned investment, and potential cost implications (in particular, in high-cost low-incidence area). The third component of the analytical framework consists of details on demand forecasting and (sub)-regional collaboration on commissioning.

The analysis focuses on synthesising the shared characteristics across London authorities, as the sufficiency documents offer a variety of formats and levels of detail. Reasonably detailed data are obtained through the first and second components of the analysis framework, although the information on the subregional collaboration (the third element) required further explanation. This necessary information was obtained by interviewing a subset of subregional network leads and employees, as well as an independent sector representative.

As mentioned previously, this study should be viewed as a high-level analysis, which aims to assess the context of the current challenges independently and discuss possible future directions. Findings are presented below.

Findings

High-cost low-incidence areas

Unclear definition of 'high-cost low-incidence'

Almost all local authorities expressed concerns over the increasing cost pressure and the need to manage the cost implications more strategically; however, the definition of 'high-cost low-incidence' was not always clear. Two operational definitions are found in the discussions of the high-cost low-incidence areas. First, it was referred to describe resource-intensive placement types; these are provided to a small group of children or young people, such as residential care and specialist foster care placements (in particular, with independent fostering agencies (IFAs)). Second, an implicit cost comparison was made where the cost difference was substantial, thus referring to an area as being 'high(er) cost'. In the absence of a consistent definition of high-cost low-incidence, this report utilises these operational definitions referenced in the sufficiency documents. These definitional issues are not unique to the London boroughs. Many other local authorities vary in their use and definition of the terms, and there is not a sector-wide definition of high-cost low-incidence. To a certain extent, the definition needs to be driven by local and regional needs, but should relate to a proportion of placements (low incidence) and to a cost at a higher percentage than the average unit cost (high cost).

Only a small number of local authorities included cost estimation in their sufficiency documents. However, it is useful to mention the extent of use and the magnitude of cost in the high-cost low-incidence areas. Among the local authorities whose report provided cost by placement types, residential home placements showed the highest cost base (i.e. cost per week); this was expressed either as a total cost incurred for all residential placements during the year (e.g. Haringey; 2018-2021, £5.1 million for 33 children), or as a per-week placement cost (e.g. Barnet 2019-2023, in-house provision £2,700/week and external provision £3,000/week). Where costs have been provided, they have been referred to in this report, with the caveat that unit costs between local authorities and providers are not necessarily directly comparable (Holmes and McDermid, 2012; Narey and Owers, 2018; Holmes, forthcoming).

Residential care placement– when, how and why?

The proportion of looked after children placed in residential care (including children's homes run by local authorities) ranges between 5% (Harrow; 2019-2024) and 19% (Waltham Forest; 2018-2021). Although the extent of use varies by local authorities, there are several characteristics that are shared by children who are placed in residential care in London. They tend to be an older cohort of children (10 years old or older), more males than females, many of whom have complex needs that require specialist support. A large proportion of these children are considered to be 'difficult to place', who may have experienced family-based placement break-down several times prior to moving into residential care.

Residential care was often used as the last option for placing children with complex needs. However, it was largely unclear at which point of the care pathway children may be placed in residential homes, to what extent their needs may be met by the supports provided at the residential homes, what the expected outcomes may be, and how these outcomes may be evaluated. On reassessing how residential homes may be best utilised, many authorities referred to Sir Martin Narey's report (2016) on residential care, which highlights that a longer placement in residential care was linked to a reduced level of negative outcomes such as substance misuse.

Nearly all local authorities mentioned that family-based placement is preferred as it provides a better environment for children. This is a prevalent view within and across children's social care nationally (Thoburn, 2016). Similarly, in-house provision is almost always preferred over an external placement, mainly for cost considerations, leaving external residential care as the last option. It is beyond this report's remit to validate these cost considerations or comparisons between providers. However, it is worth noting that most London authorities indicated a continued effort to try to reduce the number of children placed in residential care. It is, however, important to mention that a different approach is used elsewhere in the nation. Holmes (forthcoming) identified that a number of local authorities are seeking to increase the residential placement capacity to meet growing demand for adolescents. Similarly, there has been investment in innovative approaches to residential care as part of the Department for Education (DfE) Innovation Programme (Rees et al., 2017)

A stable residential care placement, however, undoubtedly puts a high-cost pressure on local authorities and inevitably reduces resources to enable other support for families and children (Children's Commissioner's Office, 2019; National Audit Office, 2019). This, in continuing austerity, essentially points to the conundrum that most local authorities have been grappling with – a constant balancing act between providing the best support for all children and allocating its limited financial resources in the most efficient manner. This challenge is illustrated well in Lambeth's sufficiency strategy document, in which it recognises the benefits of using specialist residential provisions but is also aware of a potential cost-saving from using suitable alternative provisions. This points to the urgent need for improving understanding of the suitability and quality of residential home provisions, assessing the good 'value-for-money', and securing a wider range of suitable alternatives to those provisions. Previous research has also highlighted the necessity to assess the needs and circumstances of children at entry to care to inform decision-making about the most appropriate placement to meet those needs (Berridge et al., 2012; Holmes, Forthcoming; Holmes et al., 2018; Ward et al., 2008).

Trends in demand perceived by London authorities

An increase number of older children with complex needs

There are several trends in demand that are shared by London authorities. Many anticipate that the number of children with complex needs will increase, and the proportion of the current cohort of

children aged 10 or older may become greater. These groups of children coming into care present a set of challenges. First, the demand for specialist foster care is likely to increase as more children come into care with complex needs, which an area with a high IFA presence currently for foster care. In terms of residential provisions, specialist residential care is reported to have the highest per week placement cost. Second, this group of children is likely to have more males than females, and if they are considered to be 'difficult to place' in a family-based environment, an 'escalated residential placement' may become more likely. These are two widely cited reasons for children being placed in high-cost low-incidence provisions.

Older children who come into care tend to have more complex needs, and it may mean that they are less likely to go back to family. As these children grow older, the support structure required when they reach the age of leaving care should also be considered. If the needs are complex and require ongoing support, it is likely that their needs may require a transitional arrangement before being able to move to a semi-independent or supported living accommodation. However, it was difficult to ascertain whether there is an effective sufficiency plan in place for this group of young people.

A growing number of care leavers: a potential medium cost high incidence area

A growing population of care leavers was another trend cited by many London authorities. In addition to existing care leavers, many authorities are aware that the current older cohort of children in care will reach the age for transition in a few years. Most local authorities view semi-independent living (SIL) as an adequate pathway for most care leavers, and the cost range for a SIL accommodation suitable for an average care leaver profile does not appear to be high. Bexley (2019-2022), for instance, has noted that the SIL accommodation unit cost ranges between £250/week and £950/week across its six providers who offer various levels of support.

While the current cost range for SIL accommodation may seem reasonable, it might evolve to be a 'medium-cost high-incidence' area in the near future as more young people transition to leave care. As the cost of provision may react to the increasing demand, the cost options may concentrate more towards the higher end of the current range. Barnet (2019-2023) states that 95 youths aged 16 or older are placed in SIL accommodation, but the cost has increased from £850/week to £1,000/week. Based on the information in the sufficiency documentation stating that a large proportion of SIL accommodation is externally sourced, the cost increase may be sharper, in which the demand rose faster than the growth the market supply was able to match. This indicates the potential need for a coordinated approach to avoid another incidence of internal competition for placement among the London authorities.

Sufficiency strategies on high-cost low-incidence areas

Discussions on high-cost low-incidence areas mostly concern residential provision (high cost base) and external foster care placement (relative to in-house provisions). However, sufficiency strategies discussed in the sufficiency documents appear to put greater focus on the latter, possibly due to the preference to place children in a family-based environment. Furthermore, there is a considerably higher number of external foster care placements than residential ones, and combined with medium/high cost base, it may be the most substantial proportion of the total cost. It is also possible that increasing in-house foster care placements is considered more feasible compared to increasing internal residential

provisions, as the costs associated with opening new local authority children's homes are considerably high.[1]

Current commissioning practice and its implication on future strategies

Nearly all local authorities stated that family-based placements were preferred to residential provisions, and in-house provisions (if available) to placements with external providers. This preference in practice resulted in a sequential placement strategy, starting placement searches from in-house foster care, external foster care provision, and children's homes (if the authority had any), leaving external residential care as the last option. Children should be placed in their local authority area as far as practicable according to Children Act 1989. Furthermore, authorities may wish the children to stay in the local area and maintain the links to school and the local community, which provide a more stable environment. Seeking in-house placements first may be one of the strategies that local authorities use to achieve that aim. Regardless, commissioning processes, in particular in-house first policies for foster care placements, have been the subject of scrutiny in recent years and were the focus of a recent legal challenge.[2] Considered within the context of increased spend nationally on private sector placements, debates have become progressively divisive with a focus on increased profits by some of the larger independent providers, particularly in times of austerity (House of Commons, 2019). However, it is worth noting that the need for relationship building and collaborative working with the independent sector in order to increase supply is also widely recognised among London authorities.

Unclear strategic use case for residential provision

Many London authorities reported that they aim to reduce residential provision and to decrease the reliance on the independent foster care placements. Residential care provision is not family-based and has the highest cost base, which leads to expecting a strategic use case to ensure that utilisation of such provision is clearly linked to better outcomes for children and justifiable use of limited resources. However, despite the nearly universal desire to reconsider the use of residential care, it was not always clear to understand a strategic use case for this provision. An exception to this is found in Islington's sufficiency strategy (2016-2019), which shows how having a clear strategic direction on the use of residential provision can shape commissioning practice, which helped lower the cost pressure.

BOX 1. THE USE OF RESIDENTIAL CARE IN ISLINGTON (2016-2019)

> Islington states that it has used residential care placements for mainly five reasons, which are:
> 1. To assess parental capacity
> 2. To provide integrated interventions for children with complex needs whose needs cannot be met by mainstream or targeted services
> 3. To offer safe containment to young people who are at risk of imminent harm
> 4. To offer a period of stability for assessment for children who have experienced a number of foster care placements ending in an unplanned way
> 5. Request for a PACE transfer
>
> These uses are likely to be short-term placements, which explains the relatively lower spend of £1,356,420 for 19 children in residential care as of July 2016 (roughly £1,373/week).

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[1] A senior commissioner considers that it is possibly due to local authorities using the sufficiency documents as means to communicate to current and prospect independent providers, although the documents in principle should include details on both in-house and external provisions.

[2] National Association of Fostering Providers versus Bristol City Council and others (2015) EWHC 3615.

Family-based placement as a viable alternative to residential care

Several London authorities consider an increase in family-based placements to be a viable solution for reducing the use of residential provision, both for the widely recognised benefit for children being in a family environment, and for better cost efficiency. For example, Lambeth (2017 - 2020) has assessed that a potential cost saving coming from placing 20 looked after children in IFA placements instead of residential provision is substantial (£2.5 million), although it is aware that this may not be suitable for all its children currently placed in children's homes.[3] This reiterates the point made earlier about the necessity for a comprehensive assessment of needs to inform decision-making on the most appropriate placement.

The residential provision is widely said to be used for children with complex needs who cannot be placed in foster care according to the sufficiency documents. However, several residential placements are available through 'escalation' as a last resort in practice, resulting in a gap between the intended and the actual use of this provision. Using residential provision as a means to procure a short-term therapeutic placement would imply that this current gap may become an opportunity; some of these children who are placed in residential care through 'escalation' may be able to return to a family-based placement after a short period in children's homes.

Collective commissioning models to improve cost efficiency for residential care

A collaboration through a multi-authority commissioning network is frequently mentioned not only to procure placements but to also reduce the use of residential provision and the reliance on the IFA placements. London authorities appear to work more closely in sub-regional networks than through a pan-London network. Many authorities hold multiple memberships. However, spot purchases are still used to fill the placements that could not be filled through sub-regional frameworks.

Sub-regional and pan-London commissioning networks
Membership to a commissioning network discussed in this section was identified via three different sources where possible, which include the sufficiency documents, a COVID-19 placement survey conducted by the Association of London Directors of Children's Services (ALDCS), and the sub-regional or regional association websites (if applicable). The first two sources are used to infer active collaboration in a network, and the last source is used to verify the formal membership status.

There was a clear trend to move towards risk-sharing and increasing collective bargaining power by joining a multi-authority network (network, hereafter) for both residential and foster care placements.[4] The networks identified from the data sources include both formal commissioning arrangements and informal collaboration between neighbouring authorities.

Many authorities have access to multiple networks, as three quarters of London authorities have a membership to at least one network (see Table 2). The membership to a regional network has evolved since the report by IPC (2018). London Care Services (LCS) is still the largest network with all 33 London authorities appearing on its member list, although only 22 authorities are reported to have a subscription to its services.

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[3] Lambeth (2017-2020) recognises the need for more residential provisions to suit the needs of children; for instance, it states that the increase in the supply of residential placements with safeguarding support is promising in the view of providing quality placements for its children at risk of exploitation.

[4] The data on the sub-regional network membership is established by combining the data from the recent Covid-19 placement survey by the Association of London Directors of Children's Services (ALDCS) with any mention of sub-regional collaboration in the sufficiency documents.

TABLE 2. NUMBER OF REGIONAL AND SUB-REGIONAL NETWORKS JOINED BY LOCAL AUTHORITIES

Number of networks joined	Number of authorities	Proportion of authorities
1	8	24%
2	12	36%
3 or more	13	39%
Total	33	100%

Note: Based on the responses to the ALDCS Covid-19 placement survey, sufficiency documents and the list of member authorities obtained from the sub-regional network websites.

TABLE 3. REGIONAL AND SUB-REGIONAL GROUPS FORMED BY LONDON LOCAL AUTHORITIES

	Number of LAs	Proportion of LAs
London Care Services (with subscription)	22	67%
Commissioning alliance	15	45%
North East London Consortium (NELC)	8	24%
South London Commissioning Programme (SLCP)	7	21%
Other Sub region networks	14	42%
Other micro region networks	6	18%

Note: One local authority may have multiple membership therefore the proportions do not add up to 100%. Based on the responses to the ALDCS Covid-19 placement survey, sufficiency documents and the list of member authorities obtained from the sub-regional network websites.

Commissioning Alliance (CA, previously West London Alliance) has grown to include 15 member authorities, making it the second largest network of collective commissioning currently in London. North East London Consortium (NELC) and South London Commissioning Programme (SLCP) also have nearly a quarter of London authorities each. Spot placements are still widely used, often to fill the gap in the demand which could not be met by a framework or an alliance network.

For residential care, placements are made via a mixture of channels; local authorities make use of multiple framework agreements at a different level (sub-regional or pan-London), which provide better cost efficiency. However, it is worth nothing that a gap remains, often filled by spot purchase. For example, Lambeth (2017-2020) reports that 40% of its residential placements were through the Lambeth framework (around or lower than £2,680/week on average), 32% through a pan-London framework (£2,750/week) and the rest (28%) through off-framework (£3,100/week).

Multiple membership may not always indicate an active involvement or a close collaboration through the network, possibly due to the multiple memberships held concurrently by London authorities. For example, despite being the largest network with 22 authorities subscribing to its services, a smaller number of authorities have mentioned an active collaboration through LCS in their sufficiency documents or in the responses to the COVID-19 placement survey by ALDCS. Given that one of the key roles of LCS is said to negotiate fees with providers (IPC, 2018), it raises the question as to whether the effectiveness of its services is now undervalued given fee negotiations might have become more challenging in a market with limited supply.

The above discussion leads one to consider whether some assumptions behind the existing commissioning models may need to be reassessed. It is widely expected that framework placements would produce a substantial cost saving and increase the ownership in the commissioning process. This expectation, however, implicitly assumes ample supply in the market. The current procurement challenges demonstrate that this is not a realistic assumption. Furthermore, the extent of these

expected benefits may change depending on the market conditions. When the supply is limited, external providers are likely to exit the framework agreement in favour of spot purchases, especially larger providers who are less vulnerable to vacancy or are able to secure offers from multiple local authorities.

Multiple (sub-)regional commissioning networks

Use of multiple channels can support commissioning decisions through better placement choice and cost efficiency, provided each channel adds value. However, there is a degree of bureaucratic inefficiencies which lead to an increased cost to the providers who work with multiple networks as they are expected to meet a different set of requirements (IPC, 2018). In addition, as the number of providers working with multiple networks grows, the added value each network can bring may be reduced.

It may be worthwhile evaluating whether the sub-regional and regional networks can be consolidated into a structure that minimises bureaucratic inefficiency and maximises information sharing among London authorities. Doing so would not only benefit the fulfilment of the sufficiency duty but would also improve accountability for cost and quality considerations. This point echoes one of the key recommendations of the report on commissioning practice and strategy by IPC (2018) – a pan-London approach.

Box 2 shows an example of a DPS developed and owned by Commissioning Alliance called CarePlace. It supports procurement in various placement types and needs, although foster care procurement is more established than other areas. The availability for each placement type differs, and therefore the effectiveness of a DPS such as CarePlace depends on the market conditions and provider engagement in each procurement area. For example, a meaningful improvement has been made in relation to the response rates from the residential providers in CarePlace in recent years. Yet the response rates need to increase further for commissioners to identify all placements required as not many providers respond to potential matches. Multiple reasons may contribute to this; however, it may be largely driven by the fact that residential placement providers do not need, or are not inclined, to use the DPS for placements as the demand for their services exceeds the supply in the market rather than any issue specific to CarePlace.

Based on the collective assessment of strategic needs, a collaborative commissioning model at the pan-London level may be considered. The benefits of doing so would be greater for areas such as market knowledge sharing (including development of a DPS), contract management, collaboration with external providers, contingency planning, and service quality assurance.

Box 2. Use of dynamic purchasing system

> One of the benefits of (sub-)regional collaboration can be access to a Dynamic Purchasing System (DPS). CarePlace, for example, is a directory-based dynamic purchasing tool that the Commissioning Alliance (CA) has developed. Once the placement enquiry with specified needs is sent, it searches the database and produces a list of potential providers. The system then sends the referral to these providers and collates their responses. Local Authorities can then review the options and use the system to notify providers and issue contracts. This includes information about young people (including demographics and their social care needs); providers (including OFSTED ratings); response rates and performance; and pricing (including if it is above/below the ceiling rate and what the provider has charged other Local Authorities). CarePlace currently supports foster care, residential provision, semi-independent living accommodation, and special educational needs placements. The fostering procurement is considered to be the most established.

Sub-regional placement frameworks, for instance, may be more effective at the pan-London level, which helps to engage with providers and promotes evidence-based practice across London authorities. Having a consistent set of principles and commissioning rules may also increase efficiency in working with the independent sector. Also, a pan-London commissioning model may be more effective in responding to challenging contemporary issues, such as risk of gang violence and sexual exploitation, which require more than one authority to devise a meaningful support or intervention programme.

The London Innovation and Improvement Board (LIIA) has launched the Pan-London Placements Commissioning Programme with the aim to enhance placement sufficiency, and to improve the efficiency in use of public resources and to ensure better outcomes for children in London. During the COVID-19 lockdown, LIIA conducted a survey to understand the challenges experienced in commissioning by London authorities with ALDCS. Its programme agenda includes further research to address challenges in securing placements for adolescents with complex needs and those with ASD, young people at risk of remand, secure placements, behaviour and/or mental health issues, mother and baby residential assessments, as well as a deeper understanding of high-cost low-incidence areas (the current report).

Reduce reliance on IFA placements: increase in-house foster care provisions

All authorities use IFAs to a varying extent when it comes to the placements for children in foster care. Children in care in London are allocated independent foster care provision for better availability of support that meets children's needs but also due to the lack of in-house foster care placements. Authorities often rely on IFAs to source a specialist care provision, or to place children with a foster family with a better cultural match with children.[5]

The most commonly offered explanation for utilising independent provisions, however, was the shortage of in-house provisions. Most local authorities utilise IFA for a combination of the three reasons mentioned previously. Local authorities tend to use the unit cost differentials between internal and external foster care placements, and place a particular importance on increasing the capacity of in-house provisions. This tendency is consistent with an earlier observation by Sellick (2014), who argued that cost pressure and its effect on commissioning strategy are a result of continued austerity.

In-house provisions are cited as preferential to external provisions, as local authorities find it easier to support children in placements given the geographical proximity, and are considered to provide better cost efficiency. Around one third of London authorities has indicated that a 50% or greater proportion of the foster care provisions is placed through IFAs. For these authorities, cost is expected to be an important factor; the per-week placement cost for IFA foster care placements is reported to be almost always higher than in-house provision in the sufficiency documentation.

Cost differentials between the two types of placements, however, require a more nuanced exploration to account for the needs and circumstances of the children, and whether the placement is made as a consequence of meeting a specific need, or demand has exceeded supply (Holmes, forthcoming)., Existing literature has highlighted the need to attribute and apportion overheads for in-house placements (Beecham, 2006; Holmes, Ward, & McDermid, 2012; Selwyn, Sempik, & Thurston, 2009). Furthermore, in their recent review of fostering Narey and Owers (2018) included a foundational analysis of local authority and externally commissioned placements.

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[5] For example, Greenwich (2018-2022) reports that it is working with IFAs to place ethnic minority children in a family environment that is a 'best-match' and closer to the children's birth family.

> Two local authorities reported detailed figures: Barnet (2019-2023) estimates that the unit cost for in-house provision to be £674/week, while that for an independent provision to be £936/week, and a specialist foster carer costing up to £1,500/ week. Barnet's neighbouring borough Haringey reports lower per-week costs but with a larger differential between internal and external provisions: £460/week for in-house foster care placement and £840/week[6] for an independent foster care placement.
>
> Unfortunately, the sufficiency document does not provide details about the different components that are included in the unit costs. It is, however, worth noting that those authorities with greater awareness of cost are also more inclined to discuss cost in the document. Also, the documents describe that the needs of children placed through IFAs are more complex than those placed through in-house foster carers, which makes it difficult to compare the unit cost of these placement types.

Previous studies that compared in-house and independent foster care provision have argued that, when compared like-for-like, no substantial difference was found between the two provisions, and that the perception of higher cost in the independent sector potentially stems from oversimplification of the cost basis (Rome, 2016; Sellick & Connolly, 2002).

To what extent these findings apply to London authorities, where the shortage of in-house placements is more acutely felt than elsewhere in the nation, is unclear. There also remains a lack of evidence based on direct comparisons among the value-for-money of placements by different providers that captures the necessary nuance to examine the needs and circumstances of the young people, the quality of care provided, transparent calculation of costs, and attribution of outcomes (Holmes, forthcoming).

In-house foster carer recruitment strategies
Nearly all local authorities mentioned in the reports have the aim to increase the in-house foster care capacity. Increasing the capacity for general and specialist in-house foster carers is likely to have a huge impact on sufficiency, as it is considered to be the alternative placement for both children or young people in residential care or leaving care.[7] Many authorities intend to provide training and support to in-house foster carers so that children with complex needs can be placed with them; this is considered to be the most viable alternative to residential care. Many authorities have a good understanding of the current capacity (e.g. number of foster carers within the borough) and have been working to increase the number of in-house foster carers yearly (e.g., 15 in-house foster cares per year). However, it was difficult to ascertain whether the current in-house capacity for specialist foster care provision is sufficient for potential step-downs, and whether the additional increase in foster carer numbers can accommodate increasing staying-put placements.

As 'word-of-mouth' was the main route to recruiting in-house foster carers, relationships with existing foster carers and the reputation of local authorities are central to the success of the recruitment strategy.[8]

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[6] Haringey's (2018-2021) own analysis reports that the average independent foster care placement was £728/week, but the total spent was reported to be £5.9 million for 135 looked after children in independent placements as opposed as opposed to £3.8 million for 159 looked after children placed in in-house foster care.

[7] Care leavers are encouraged to stay with their foster carers through the Staying Put programme. This programme is largely considered to have positive outcomes for young people; therefore, local authorities were inclined to maintain or expand this programme.

[8] Hammersmith and Fulham (2019-2022), for example, highlights that the longest serving foster carer has provided 97 placements over 35 years. Few local authorities touched on relationship management and its potential contribution to increasing in-house provisions.

Table 4. Weekly allowances for foster carer in two randomly selected authorities

Independent Fostering Agencies	Local authority allowances
IFA 1: Minimum £425 per week Up to £650 per week	LA 1: Up to £510 per week
IFA 2: Up to £650 per week	LA 2: Up to £435 per week

Note: The local authorities are selected randomly; IFAs in the respective boroughs are identified by searching the web using 'foster care allowance, [name of the borough]'. The first identified IFA is selected for the comparison.

However, the role of the weekly allowance scheme to increase the number of in-house carers is not explicitly stated in the sufficiency documentation.

Authorities' effort to recruit more in-house foster carers is likely to have an impact on the market, especially if the IFAs seek to do the same to meet an increasing demand for IFA placements. Many local authorities have regular reviews of the allowance scheme in place, but it might be beneficial to review in-house and IFA schemes to inform the recruitment of in-house foster carers (see for example, Table 4).[9]

Brent (2017-2020) notes a reducing trend in the number of in-house foster carers in recent years, and Hackney (2019-2022) estimates that 12% of in-house foster carers leave each year. Having experienced difficulties in recruiting in-house foster carers, London authorities may have become more aware of the potential competition between local authorities and IFAs in maintaining and recruiting foster carers in the neighbouring authorities. Waltham Forest also provides a good example of the effort for authorities to remain attractive working partners for foster carers by offering a unique package of benefits. These include council tax contribution, recreational and leisure offers and access to the council staff's discount scheme, in addition to a tiered fees and allowances scheme for in-house foster carers.

Recommendations based on best practice

The recommendations to address the challenges outlined above are discussed herein, categorised into short and medium / long-term strategies. The short-term recommendations may be achievable within 1-2 years, while medium / long-term strategies may require 3 years or more and a closer collaboration among the London authorities. These strategies may be coordinated through a tiered approach, in which a pan-London approach may be necessary to address most complex and specialist challenges, while sub-regional or local responses may be adequate for less complex regional or local issues.

Short-term strategies

Rationalise the use of residential care placements

Establish a clear strategic vision
Residential provision is almost always the most resource-intensive placement, and nearly all London authorities appear to have an intention to reduce its use. The findings indicate that residential care provision is not always used as intended in practice, as often it is referred to as the 'last resort'.

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[9] The in-house offer of support to the foster carers was mentioned to be important in the sufficiency documents. However, it was not clear whether foster carers' motivations to work with a LA and IFA differ. For a study on motivation to foster, see report by McDermid et al (2012). The demographic characteristics of foster carers in the UK: motivations, barriers and messages for recruitment and retention. Department for Education. Available https://www.gov.uk/government/publications/the-demographic-characteristics-of-foster-carers-in-the-uk-motivations-barriers-and-messages-for-recruitment-and-retention

Establishing a strategic use case of how residential care should be utilised can help to ensure a closer match between children's needs and care support, as well as more efficient use of financial resources. An example of Islington was provided in Box 1 in an earlier section. Additionally, the therapeutic use of residential care may be helpful in drawing up a strategic use case, with an emphasis placed on utilising residential placements to meet specific needs (see Box 4).

Investigate the current use and capacity of residential provision
Conducting an in-depth analysis on the current use of residential care provision is recommended, this would inform when, how and why children are placed in residential care as well as what the precise cost implications are. Such investigation could also help to inform to what extent this intended reduction is achievable, how this might take place, and what the implications are for current and future cohorts in residential provision.

The review may not always result in a step-down placement which leads to cost saving. Even so, it does provide insight into children's needs, which in turn helps to establish the adequacy and suitability of the support services they receive. It also provides an opportunity to assess whether some children may be ready to move on from residential provision, and to assess the preparation time required. The recommended investigation would also help to inform discussions and debates around value for money, recognising that some young people might have needs that are best met in a specialist placement. Box 5 summarises Bexley's retrospective investigation and Southwark's evaluation on how residential placements can inform commissioning practice.

BOX 4. THERAPEUTIC RESIDENTIAL CARE FOR CHILDREN AND YOUNG PEOPLE - INTERNATIONAL FRAMEWORK (Whittaker et al., 2016)

The International Work Group on Therapeutic Residential Care advocates for enhancing the planned and meaningful use of residential care, moving away from using residential provision simply as the last resort.

A definition of therapeutic residential care (TRC) is provided by the group as part of a 2016 international consensus statement (Whittaker et al., 2016):
"Therapeutic residential care involves the planful use of a purposefully constructed, multi-dimensional living environment designed to enhance or provide treatment, education, socialisation, support and protection to children and youth with identified mental health or behavioural needs in partnership with their families and in collaboration with a full spectrum of community-based formal and informal helping resources."

The consensus statement also sets out five principles of TRC:
- Do not harm: safety first
- Families at the centre of integrally linked partnership
- Fully anchored in the communities, cultures, and social relationships
- Informed by a culture where learning through living is fostered and teaching focuses ongoing deep human relationship
- Evidence-based approach that are effective, replicable and scalable

BOX 5. INVESTIGATION ON RESIDENTIAL PLACEMENTS

Bexley (2019-2022) reports that it has investigated placement pathways for those in residential care. Many children were found to be placed in residential care through 'escalation' – when children are moved from in-house foster care to external foster care, finally arriving at residential care after placement breakdowns. More importantly, it explains that, apart from having complex needs, those children had a strong tie to the birth family which made it more difficult to build relationship with foster family. This is a valuable finding that informs future requirements and care planning.

Following the OFSTED judgement in 2017, Southwark has scrutinised every residential placement immediately, using four criteria when evaluating placement suitability: a) the child is safe; b) the outcomes are improving; c) the placement remains appropriate and d) the child has a plan to transition to foster care or to an alternative that is in their best interest.

An analysis of the residential provision capacity across London may be beneficial. A smaller scale analysis has been conducted by Commissioning Alliance (CA) for its member authorities, Buckinghamshire has also been included in this instance. Using the figures published by the Department for Education, it reports that the number of children looked after in its member authorities is approximately 10,550. It has mapped all residential placements available in the member authorities, which is estimated to be around 800. This capacity represents around 7.5% of its looked after children, which is slightly higher than the lowest rate of residential provision usage across all London boroughs (Harrow, 5%). For member authorities with more than 7.5% of their children in residential provision, it would imply a substantial shortage of suitable placements. For example, the average proportion of children in residential care in CA-affiliated boroughs is around 12%; therefore, the shortage is estimated to be just under 500 beds. In reality, the availability of residential placements varies by the levels and types of support available, which adds another layer of complexity when placing children according to their needs.

Explore alternative placement options
Having established a strategic use case and understood how residential care provisions are used, transition options for current placements, such as a step-down approach (see Box 6), may be explored. The motivation behind this approach is that, by having children's needs assessed systematically by the providers as well as social workers, the suitability of alternative provision – family-based placements – is assessed (Plumridge and Sebba, 2018).

The step-down approach has also been used in London and nearby regions. Three local authorities in the latter had assessed the needs of children in residential homes using the BERRI assessment tool.[10] According to the outcomes of the assessment, children were moved to specialist foster care placements where appropriate, which reduced the use of residential care for Reading and Slough to less than a third.[11] Drawing on its previous work in West London and Berkshire, CA is currently reviewing resource-intensive placements with the view to identify young people who can transition into family-based placements, and to better understand value delivered by providers.[12] A similar approach has been taken by Birmingham City Council in its Step-Down programme, which is summarised in Box 6.

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[10] BERRI stands for five domains in which the assessment is made: Behaviour, Emotional wellbeing, Risk (to self and to others), Relationships, and Indicators (of psychiatric or neurodevelopmental conditions). See more at http://berri.org.uk.
[11] Email communication on 3rd August and 15th September 2020.
[12] This review process is a part of the initiative, which aims to understand the needs of the children better by using a needs assessment tool, such as BERRI, so as to provide the right type of placement.

The Step-Down Programme, run by Birmingham City Council in partnership with Core Assets, sought to bring children in residential homes to a family-based environment. This summary is based on the evaluation study of the programme, conducted by Plumridge and Sebba (2018).

Thirty-three children and young people were offered placements in this programme between November 2014 and April 2018. According to the study, the programme has produced several positive outcomes for the children, as well as a substantial cost saving for the local authority over three and a half years.

The benefits for the children included stability and developmental progress. In particular, young people were found to be engaging much more actively, as they became part of the family and continued to be supported by a team who the child felt cared about them. Children and young people had a higher school attendance rate and had a lower level of incidents of going missing, albeit slightly. SDQ scores, on the other hand, did not show a tangible improvement, although a reduction in self-harm and anger was noticeable.

Stability in a placement that is also less resource intensive brought about a substantial cost saving of nearly £2 million. Some children and young people experienced disruption during the programmes, and a couple of them have moved to an alternative placement (such as semi-independent living). However, the study reports 64% stability in placements, and estimates around £50,000 saving for a 52-week period for each child or young person who remained in the family environment.

Develop a commissioning checklist for evaluation and cost-effectiveness

A 'commissioning checklist' was one of the recommendations made by the Choice Protects (Department for Children, Schools and Families (DCSF), 2004), which collates information that commissioning managers would know about children and their placements. This approach is particularly helpful to residential provision with specialist or educational support whose costs are usually substantially higher, as such support is generally considered not available in family-based placements. Therefore, having both a clear view of what 'high quality support' entails in this placement type as well as the improvement on children's outcomes is essential to assess 'value-for-money'. This is an important point for this particular type of residential care, where there are fewer alternatives due to the complex nature of children's needs that cannot otherwise be adequately met. This value-for-money judgement involves understanding the nature and quality of services for children, ensuring not only that their needs are met but that the cost incurred to provide service is at a fair and competitive price (provided that the quality of the support is comparable).

Establishing a London-wide set of core quality standards and engaging external providers may be considered. A clearer and more consistent standard of quality may be required by providers across London, which is helpful for building a more effective working relationship with the authorities, and therefore better support the children. This working relationship may also encourage an increase in the supply of specialist residential provisions. International evidence highlights a lack of clarity on what placements are offering, and in particular how the term 'therapy' or 'therapeutic' is used interchangeably, sometimes without a definition as to whether the placement is providing a therapeutic milieu or includes a therapy session (Whittaker et al., 2014).

Scrutinise the market

Staying informed of the market

The findings mentioned earlier also suggest that the London authorities' ability to respond to emergency or urgent placement is somewhat limited, as the demand for children's services continues to exceed the supply. The current COVID-19 pandemic posed a plethora of challenges; a number of London authorities have experienced difficulties in finding new placements timely, as having new children in foster care or in a residential home was often perceived to pose health risks. The London boroughs survey on the effect of COVID-19 shows that those who could provide placements had an increased fee for new referrals; in some cases, the fee was substantially higher. The difficulty in placing a child during lockdown may appear to be specific to the unexpected events. However, it is another example that exhibits how market conditions can influence the authorities' ability to source adequate placements for children, which points towards the need to have a good view of the current and future trends in supply.

Assess current capacity of available provisions and future trends

Local authorities have a good understanding of the availability of in-house placements, and maintain a list of approved providers. However, the knowledge of available external placements is difficult to ascertain, given the limited scope of the sufficiency documents.

 Having a clear and dynamic view of available placements is helpful for local authorities' sufficiency planning. From an individual authority's perspective, working with a small number of external providers who offer a larger proportion of placements may address this issue to an extent. The challenge is that placements occur across boroughs, given London's relatively small geographical area with a high density of children looked after population. This characteristic makes it difficult to have a full view of supply, unless information-sharing arrangements are already in place among London and neighbouring non-London authorities.

Sutton considers that having resource information and market analysis is helpful to ensure that commissioning strategies are formulated to improve placement stability, which is widely considered to be one of the most important outcomes for children in care. Lambeth observes that the demand for IFAs is increasing due to the ethnic minority of children looked after and increasing complexity of needs of its children. If the demand in one local authority grows faster than supply, framework placements within that one local authority are unlikely to be attractive to IFAs. If a similar trend is expected in the neighbouring boroughs, the supply may be better studied by a collective commissioning network. Local authorities may have more time to plan sufficiency and realign their strategic effort more effectively.

Sufficiency strategies and feasibility study

Alternative placement pathways, however, cannot be achieved in isolation, as a reduction in the use of specific placement requires an increased capacity in alternative provisions. Most local authorities aim to realign the use of residential provisions and place children in a family environment as much as possible. Many also wish to reduce the reliance on placements in the independent sector by increasing the capacity of in-house provisions. Although this trend was more prevalent in the discussion of foster care placement, increasing in-house residential provisions has been mentioned as a possible future direction by a few London authorities.

Current placements	Preferred alternative placements	Required sufficiency strategy
External residential placements	In-house residential provisions or 'Step-down' to family-based placements	In-house residential care Specialist IFA foster care Specialist in-house foster care
Specialist residential care	Specialist foster care	Specialist IFA foster care Specialist in-house foster care
Non-specialist residential care	Foster care	In-house foster care
IFA foster care placements	In-house foster care placements	In-house foster care
Semi-independent living or supported living	Foster care placement (Staying put)	In-house foster care

There are five alternative placement pathways that have been frequently mentioned in the sufficiency documents (shown in Table 5), all of which call for an increased supply of foster care placements, both in-house and independent. For the authorities that are motivated to decrease the reliance on the independent sector, the increase in the number of in-house foster care places is likely to be substantial. In terms of the high-cost low-incidence areas, the ability to increase the number of in-house specialist foster care places is crucial to making a sustainable placement transition to a step-down programme, or to moving external provisions to in-house placements.

Figure 1 below shows the current composition of children looked after in different placement types in Lambeth in 2019, and how it anticipates them to be in 2022. The detailed information on Lambeth's care pathway planning was not available due to the scope of the sufficiency document; however, it is an excellent example that showcases the complexity in the coordination of the placement changes. The overall decrease in the number of children looked after is 28, representing just under a 6% decrease over the three-year period, with substantial reductions in the residential provisions (by 43%) and IFA foster care placements (by 31%). These reductions need to be coordinated with the increase in the in-house provisions (by 25%).

FIGURE 1. COMPOSITION OF PLACEMENT TYPES FOR 2019 (ACTUAL) AND 2022 (PROJECTED) IN LEWISHAM
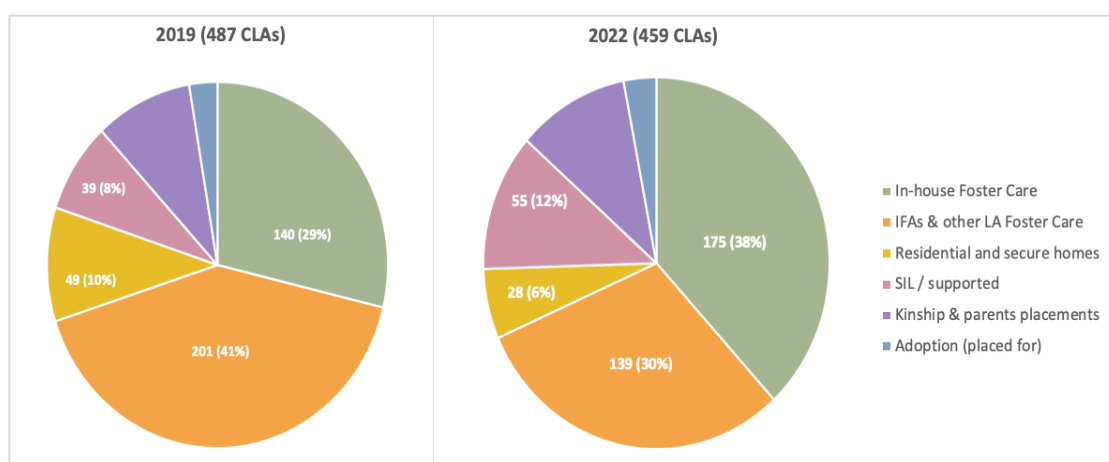
The numbers for children placed for adoption, kindship foster care or those placed with parents are projected to be stable between 2019-2022 according to the provisional version of Lewisham's sufficiency document.

Building a pan-London information sharing system

Given the interdependency among London authorities, building an information system that enables and facilitates the efficient and ethical exchange of information between authorities would bring benefits. A similar system may already be considered by sub-regional commissioning networks (such as CarePlace) but it would be highly beneficial to establish a London-wide system given many placements occur across all London boroughs. It would also be beneficial for the information sharing system to facilitate a longitudinal analysis of retrospective placements to inform future decision-making and demand forecasting. With regards to sufficiency strategy, the following areas may be considered for an information sharing system:

- Demand forecasting (immediate, short, medium and long-term)
  - Demographic characteristics
  - Needs profile
- Market statistics
  - Changes in the level of supply available and cost of provision in the independent sector
  - Quality of placement providers (other than OFSTED rating)
  - Recruitment of foster carers
- In-depth analysis of children in care
  - Reasons for entering social care and family (or parental) characteristics
  - Longitudinal analysis of the outcomes of children

Other authorities are also exploring the establishment of an information sharing system. Greater Manchester Combined Authority (GMCA), for instance, is creating an online resource that helps to maintain a dynamic focus on sufficiency need and commissioning intentions. Therefore, transparency and agility have been the focuses in developing the tool, which would cover both internal and external providers, thus moving away from the traditional sufficiency strategies. A commissioning manager in GMCA considers being able to access near real-time, up-to-date content will become increasingly important as more rapid response is required in a more uncertain environment..[13] Further information about this project will become available in late 2020.

Medium to long-term strategies

Pan-London response to manage highly probable high cost placements

London authorities may consider establishing a small number of specialist residential homes collectively across London. The areas that are commonly referred to as 'high-cost low-incidence' are concentrated in external residential care provisions with specialist support. These provisions have a limited range of viable alternatives, unlike external non-specialist residential care provisions, which are more likely to be reviewed a possible 'step-down' placement. However, the trend in demand also shows that the number of looked after children whose needs call for specialist provisions is unlikely to reduce drastically in the near future. Instead, it is highly probable that there is a small group of children whose needs are highly complex, resulting in residential provision as the best-option placement. Capital and human resources commitment can be shared, and the risk of under-utilisation may be more manageable.

The pan-London approach may be considered in various ways. It might focus on providing children whose needs are exceptionally complex or specific, while children with less complex needs continue to be placed in single authority children's homes or with external providers. Under the current placement

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[13] Personal communication on 1st September.

and its cost implications, this pan-London approach might bring a substantial cost saving through collective investment and collaborative care provision.

This approach may also be modified as a joint venture with independent providers. For instance, London authorities can provide the homes, and the independent sector helps to run them. Most London authorities place children with external providers who are judged Good or Outstanding by OFSTED, leaving a small number of providers who might welcome collaborative working for improvement. These external providers may be small-scale entities, which do not have sufficient support and are more vulnerable to uncertainty. Despite the less-than-desirable OFSTED outcomes, those providers may bring many years of first-hand experience managing residential homes which is valuable to the authorities. Other areas where this approach may be considered include homes with remand beds, children's home for young people at risk of exploitation (i.e. gang violence or sexual exploitation) and provisioning for urgent placements.

Box 8 summarises the four specialist children's homes run by Birmingham Children's Trust, which is owned by Birmingham City Council, but operates independently. All children's homes below provide care for children and young people aged 5 – 18 with a range of learning and physical disabilities or health and behavioural conditions. Although this is not a regional initiative, the characteristics and capacity of these homes show how multiple local authorities may be able to establish joint in-house children's homes.

BOX 7. NORTH EAST LONDON COMMISSIONING GROUP'S JOINT COMMISSIONING

> Waltham Forest mentioned that it recently joined North East London Commissioning Group, which consists of 8 authorities. The group has recently secured a funding from DfE through Innovations Fund for creating new local residential provision in East London. This collaboration is expected to generate 35 beds in small manageable units across the sub-region through a block contract, 5 of which Waltham Forest wishes to procure.

BOX 8. EXAMPLE OF SPECIALIST IN-HOUSE CHILDREN'S CARE HOMES – BIRMINGHAM CITY COUNCIL

Children's home A	Children's home B
Capacity: 12 beds **Aim:** re-integration to family home or to live in the community. **Ofsted rating:** Requires improvement	**Capacity:** 10 beds (+ 6 short break/respite) **Aim**: Specialist long-term care (stability) **Ofsted rating:** Requires improvement
Children's home C	Children's home D
Capacity: 7 beds **Aim:** Short breaks/ respite **Ofsted rating:** Good	**Capacity:** 7 beds **Aim:** Short breaks/ respite **Ofsted rating:** Good

Note: Birmingham Children's Trust (2018-2020)

An alternative approach: The No Wrong Door model in North Yorkshire

With funding from the DfE Innovation Programme, North Yorkshire County Council developed No Wrong Door, which is a residential hub with an integrated service system, specialist skills, support and accommodation for disadvantaged young people aged between 12 and 25 with complex needs (Lushey el al., 2017). Further information about No Wrong Door and the outcomes achieved are detailed in Box 9.

The emphasis on supporting young people on the edge of care through targeted outreach support has helped to ensure the local authority has substantially reduced their use of longer-term residential placements, and has also led to some young people being diverted from care placements, with the use of intensive outreach support. Essentially, No Wrong Door can be likened to a preventative service (Bellonci, Holmes, & Whittaker, 2019), which may be considered at the pan-London level. No Wrong Door is now being adopted and adapted across a number of local authorities as part of the DfE Strengthening Families programme.

BOX 9. USE OF RESIDENTIAL CARE IN NORTH YORKSHIRE COUNTY COUNCIL (NYCC) WITH THE NO WRONG DOOR (NWD) MODEL

Under the No Wrong Door model, having a multi-disciplinary team with a shared goal is key. The team at NYCC includes clinical and police roles for children's health and wellbeing, and finance partners who monitor the outcomes for young people and assess ongoing financial commitment for cost-effectiveness evaluation. They have established a clear set of operating principles in delivering services (eight 'non-negotiables'), indicators of good quality service (ten 'distinguishing features') and questions to raise in improving the practices (four 'provocations').

As of March 2020, NYCC reported a 31% reduction in the costs of placement moves as placement stability increased, and that participating young people spent 55% less time in care compared to youth who were not referred to the NWD. Negative outcomes for children have decreased substantially for those participating in the NWD; 38% reduced rate of arrests, 62% reduced police charges, and 68% less missing episodes compared to two years prior to the programme introduction. These improved outcomes have also resulted in cost savings, as expected savings for the first 12 months are £160K to CAMHS, £300K to speech and language services and £200k to police.

Early figures from NYCC at the end of fourth year of implementation show that 70% of the youth in the NWD programme were living in a family setting when their NWD care programme came to an end. This positive outcome for children also translates to cost saving for the local authority; NYCC observed a 45% reduction in the use of residential placements and a 96% reduction in the use of IFAs. Currently only 2.8% of the young people are in residential care in NYCC.

During 2019/20, which was the fifth year of NWD, only 6 children and young people remained in residential care among 25 children who have been in residential care. Four have returned home, 5 are in foster care placement (including kinship care), 7 in independent accommodation and 2 semi-independent accommodation.[14]

This approach is now adopted by a number of other local authorities with modifications to suit the needs of the local context.

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[14] Email communication with an analyst in North Yorkshire County Council NWD team (4th August 2020).

Conclusion

This report provides a high-level analysis on commissioning strategies of London authorities listed in the sufficiency documents, these are part of the Pan-London Placements Commissioning Programme introduced by the London Innovation and Improvement Board (LIIA). Due to the increasing spending pressure in children's services, this study focused on assessing the current challenges in commissioning experienced by the London authorities, and evaluating whether the strategies respond effectively to these challenges. It has also identified areas in which collective strategies at the pan-London level could produce more effective responses to the challenges that are commonly observed among London authorities.

The focus of this report is given to high-cost low-incidence placements, as the cost pressure from it was clearly felt by many authorities. Residential placements and some specialist independent placements were often considered to be 'high-cost low-incidence', although no clear definition was found. Several authorities were aware that the use of residential provisions as a last resort at times, where children considered to be difficult to place were 'escalated', was a contributing factor to increased cost pressure. Further, most authorities noticed an increase in the proportion of older children with more complex needs coming into care, which would be likely to result in an increased use of the high cost placements.

There are, however, several opportunities in this area. Firstly, the use of residential care placement may be rationalised with a clear strategic vision of how, when and why it should be used. Secondly, many also viewed a family-based environment as a viable alternative to a residential provision. Current placements could be reviewed to assess whether children could be moved to a family-based environment using a step-down approach, which can be supported by an in-depth assessment of children's needs and continuous exploration of alternative placement options. Thirdly, developing an evaluation framework and a set of cost-effectiveness tools would enable efficient monitoring to ensure an adequate use of the provision according to the strategic aims. Examples in London and elsewhere in the nation using similar approaches shared positive improvements made both in terms of children's outcomes and a more efficient use of public resources.

A large number of London authorities found the current market environment with limited supply to be a substantial challenge for meeting their sufficiency duty. Also, information on the availability, quality and cost of provisions suitable for children was difficult to obtain, as there was no systematic way of sharing this information. Sub-regional networks facilitated this to a varying degree through either a joint framework agreement, or establishing a dynamic purchasing system. However, a pan-London approach must be considered given the high level of interdependence arising from having a high concentration of looked after children population due to the size of the geographical area; there is a substantial overlap in the procurement decisions and provider engagement across London authorities.

One area in which high cost and limited supply was particularly problematic was the residential provisions - in particular, specialist residential placements. Due to the complexity of needs, some children required specific and specialist support, which was high cost and limited in supply. Quality of provision in this area was also considered a concern. The need for such provision in each London authority, on the other hand, is highly probable given the current profile of children's needs. Therefore, it may be possible to establish London children's homes with specialist support jointly, which could help to improve placement availability and reduce cost pressure through pooling resources together.

It is important to anticipate the current and future supply, which includes both internal and external provisions. The preference for in-house provisions over external placement is widely shared by many;

however, it is important to recognise that the reliance on the independent sector is substantial, and it is likely to remain so in the near future. Change in the structure and use of placements takes time to implement; therefore, for more effective and efficient procurement, an active engagement with the independent sector cannot be overlooked.

The sufficiency duty, however, ultimately lies with the local authorities., It is in the authorities' interests to stay informed of the market and to enhance its commissioning capability and intelligence to engage the independent sector. To do so, it is necessary to collectively evaluate trends, sufficiency strategies, and feasibility.

It would be highly beneficial to establish a knowledge-sharing system at the pan-London level, which provides high quality and timely information to all London authorities. The recent initiative in response to COVID-19 by LIIA shows that availability of such a system can also contribute to having an efficient joint contingency plan in place should an adverse event occur.

Continuous deterioration in the social and economic conditions in the UK is likely to pose further challenges or intensify existing ones for children's services. London authorities recognise that some of these issues are more effectively resolved collectively, in areas such as placements for adolescents with complex needs and those with autism spectrum disorder, young people at risk of remand, secure placements, behaviour and/or mental health issues and mother and baby residential assessments.

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