

Report of Head of Governance and Scrutiny Support

Report to Scrutiny Board (Strategy and Resources)

Date 22 March 2018

Subject: Expenditure on external residential placements in Children’s Services

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Purpose

1. The purpose of this report is to provide some background information in relation to the use of external residential placements in Children’s Services.

Background

2. One of the main budget pressures for the Council is the demand-led children in care budget; in particular expenditure on external residential placements and independent fostering agencies. In 2016/17 there was a £3.8M budget overspend on these two areas and the latest budget health monitoring report submitted to the Executive Board (February 2018) reports an overspend of £800K.
3. As such this is a high risk area for audit planning purposes and has been the subject of a number of audits over the last three years (as detailed below). At a very high level the process for matching a child or young person with a suitable provider is:
 - Step 1 – Establish whether there are any suitable internal providers. If not go to step 2;
 - Step 2 – Establish whether there are any suitable matches to a framework contract provider (known as the White Rose Framework). If not go to step 3;
 - Step 3 – Find a suitable match through a non-framework provider.
4. For audit purposes, coverage of steps 1 to 3 have been classed as the “call-off” process.

Corporate Governance and Audit Committee

5. In September 2015, the outcome of an Internal Audit review of the commissioning arrangements in place for the placement of children with external fostering agencies and residential care providers was reported to the Council's Corporate Governance and Audit Committee.
6. As part of that report, limited assurance was provided for compliance with the agreed "call-off" process due to a lack of evidence to verify expected controls (e.g. Authorisation for the external placement via a Delegated Decision Note, the completion of the Decision to Seek Accommodation Form and Record of Actions document). At that time it was also report that monitoring arrangements were in place to ensure that any external placement continued to be in the child's best interest and whether there may be other more cost effective options, such as independent semi supported living.
7. Overall, the internal audit review was unable to provide sufficient assurance that value for money was being obtained when external providers of residential care and independent fostering agencies were being commissioned.
8. In June 2017, as part of a report on the outcome of a follow-up review, it was reported to CGA that although some improvements had been made to the control environment there had been limited progress in evidencing how many suitable matches had been identified when attempts were made to place a child. As such, Internal Audit was again unable to provide independent assurance that value for money was being achieved in the brokerage of external placements.
9. As part of the follow-up review, recommendations were agreed with Children's Services and a further follow up review to assess progress was scheduled to be undertaken during 2017/18.

Main issues

10. As part of the further follow-up review, audit testing was completed in January 2018. Officers in Internal Audit are currently in the process of agreeing the audit report with the Head of Looked After Children; with a meeting scheduled in advance of the Scrutiny Board meeting.
11. Based on the further follow-up review, Internal Audit are satisfied that good progress has now been made in addressing previous audit recommendations around the "call-off" process.
12. Pending completion of the final report, officers within Internal Audit have stated there is now good evidence to show the efforts that have been made to place the child and therefore why any placements have been made with providers who are not on the White Rose Framework Contract (typically due to a lack of capacity with framework providers to meet demand). It should also be noted that Children's and Families have recently had an Ofsted inspection which included coverage of the placement and matching service. The feedback from this inspection has also been very positive.
13. To assist the Board's consideration of this matter, appropriate senior officers have been invited to the meeting to discuss details set out in this report and address any issues raised by the Scrutiny Board.

Recommendations

14. That the Scrutiny Board considers this details set out in this report and outlined at the meeting; and agrees any specific scrutiny actions that may be appropriate.

Background documents¹

15. None used.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.