

**Children's Services Scrutiny Committee**  
**Thursday 8 March 2007**

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**PROGRESS REPORT REGARDING THE  
COMMISSIONING RESIDENTIAL SERVICES FOR LOOKED AFTER  
CHILDREN AND YOUNG PEOPLE IN WILTSHIRE**

**Purpose of Report**

1. To inform members of progress with regard to implementing the Scrutiny Task Group recommendation (2.5) June 2006 regarding the external commissioning of residential provision for Looked After Children and Young People (LACYP) in Wiltshire.

**Action Required of the Scrutiny Committee**

2. That the committee considers progress to date and satisfies itself that the externalisation project is consistent with the Task Group recommendation and Cabinet decisions of 17 March, 25 July and 22 November 2006.

**Background**

3. At a Cabinet meeting on 17 March 2006, it was resolved that officers should proceed with the option of externalising the provision of Orchard House and Towpath Road Children's Homes and to seek to transfer staff to an external provider under suitable terms and conditions.
4. A Project Board was established, chaired by the Director of Children & Education. The Board adopted the task of directing the project plan and monitoring and supporting the work of a Project Implementation Group. The Implementation Group has had representatives from Environmental Services, Finance, Central Procurement, Legal Services and Human Resources, as well as DCE. A business case was developed to guide the work of the project.
5. Cabinet considered a progress report on 25 July 2006. It was resolved "to continue to progress the externalisation.....up to final award of contract and to report back to Cabinet at that stage". On 22 November Cabinet received a further report on the tendering process. It was agreed to authorise the Cabinet Member for Children and Families to finalise the decision to award the contract to a preferred provider, subject to performance and financial benefits being sufficient.

6. An advertisement appeared in August 2006 inviting formal expressions of interest in tendering for the service. This resulted in some thirty four responses from a range of independent providers. Detailed service specification and applicant appraisal questionnaires were issued to interested organisations. Short-listing took place in October, following which invitations to tender were issued. Final interviews were held on 28 November.
7. A potential 'preferred provider' was identified through the interview process. Prior to being able to confirm the preferred choice, it was necessary to seek clarification on aspects of the terms and conditions under which staff might transfer to a new employer. This clarification was particularly concerned with pension provision and entitlement. In seeking to transfer staff it was necessary for the council to be able to satisfy itself that the pension arrangements were 'broadly comparable' with those of the Local Government Scheme. This has now been resolved.
8. Accordingly the contract to provide the service has been awarded to Quarriers and the Cabinet Member for Children & Families signed off this decision on 7 February 2007. It is anticipated that the contract will finally be signed within the next couple of weeks.

### **Service Implications**

9. The decision to close Orchard House in October 2005 has impacted on in-house placement capacity. This was compounded by the need to temporarily close Towpath Road for essential maintenance in the summer of 2006. Since re-opening Towpath Road has been operating at almost full capacity. With the award of the new contract it is envisaged that placement capacity and flexibility will be much enhanced.
10. Managing the shortfall of in-house provision has been achieved through utilisation of in-house foster care provision and the careful procurement of a number of placements from the independent sector.
11. Vacancies which arose in the two residential staff teams have not being filled. This has meant that Orchard House staff have been re-deployed to cover vacancies at Towpath Road.
12. There have been a number of consultation meetings with staff to keep them informed. A meeting with stakeholders, ('Project Reference Group') has also taken place. Arrangements were also made to consult with the current young people in residence at Towpath Road. A meeting between staff and the new service providers took place on 16 February. It is hope that meetings and discussion of this kind will facilitate the smooth transfer of the service.

13. Work is now underway to progress the transfer of the service to Quarriers. This will include meetings with the current staff group, recruitment to complement the full staffing requirements and re-registration of the service through OfSTED/CSCI. It is envisaged that the new contract will become effective at the beginning of July.

## **Financial Implications**

14. The cost of the contract has been built into the 2007/08 budget. However, there is a risk that at the beginning of the year we will be paying for a number of empty beds, as the 12 beds being purchased may not all be occupied at the start of the contract. In order to mitigate this risk a proposal will be put to Cabinet to carry forward an under spend on the placement budget for 2006/07 in order to fund any additional costs.
15. There are potentially positive financial benefits for the Council in managing this project to a successful conclusion. As indicated in the business case, limited in-house provision restricts the potential to respond flexibly in meeting the complex needs of young people who may require residential care. There is increasing evidence that the voluntary and independent sectors can more easily deliver such a service based on their specialist and versatile range of provision.
16. Past experience of attempting to operate two six bedded units indicates that it has not been possible, due to particular needs of the young people, to consistently operate at a level of capacity which is financially viable.
17. The opportunity to procure a range of residential provision, with the scope to secure favourable terms for the Council is therefore a primary driving force for this initiative.

## **Risk Assessment**

18. The main risks were originally identified in the Business case as:
  - The risk that we would lose in-house staff due to the uncertainties associated with transfer to a new provider.
  - High quality care is not cheap; good terms and conditions of service increase costs, but are necessary to ensure the right calibre of staff and a stable workforce. Therefore the risk that the cost of provision increases, thereby reducing the efficiency gains and cost benefits.
  - The risk that the proposed changes have an unsettling impact on staff will have a negative effect on the young people. It will be important to ensure that young people are supported and engaged throughout the process.

- The risk that there may be delays in awarding the contract leading to inability to make full year gains or failure to secure a contract with an external provider.

In addition, the continuing negotiations on Pay Reform may have an impact on costs in the future.

## **Conclusion**

19. The Scrutiny Committee is requested to note the current position, and to seek any clarification or actions they consider appropriate.

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