Contract Management of Children's Independent Placements 2017/18

Final Report

Working in Partnership to Deliver Audit Excellence

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Executive Summary

This section provides an overview for senior management to understand the main conclusions of this audit review, including the opinion, significant findings and a summary of the corporate risk exposure.

Findings and Outcomes

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Executive Summary

Overview

As part of the 2017-18 internal audit plan we have conducted a review to establish the contract management arrangements in place for children's independent placements at Somerset County Council (SCC). The review has focused on independent residential, fostering and education placements.

SCC is a member of the Peninsula Commissioning & Procurement Partnership (PCPP) alongside Devon County Council, Torbay Council and Plymouth City Council. A commissioning and procurement framework for independent placements run by the PCPP has been in place since 2013 and is comprised of the following elements (or Lots):
1. Independent residential children's homes;
2. Independent fostering services;
3. Day and residential independent and non-maintained special schools; and
4. Support and accommodation for 16-25-year olds.

The framework was due to expire on 31st March 2018, however a new framework for independent fostering services has been procured and implemented and will run until 2022. The remaining lots have been extended until October 2018 (residential children's homes and support and accommodation for 16-25-year olds) and September 2019 (independent and non-maintained special schools) to allow revised frameworks to be tendered.

Each of the lots has a specific contract which outlines the main requirements for providers, but information, pricing and outcomes pertaining to an individual child's placement will be outlined in the Individual Placement Agreement (IPA). The Placements team, which is part of the wider Children's Commissioning team, is responsible for sourcing and negotiating the terms for individual placements based upon information they have been given by service areas.

Independent residential and fostering placements are funded from the council's revenue budget, whereas SEND placements are largely funded by Dedicated Schools Grant (DSG). As explained more fully in the following report, spend on independent placements represents a significant area of expenditure, and is also a budget pressure for SCC. Therefore, it is imperative that a robust system of contract management is in place to ensure value for money is achieved and opportunities to reduce spend are exploited.

Objective

To confirm that contracted services are delivered in accordance with the terms and conditions of the contract and desired outcomes achieved.

Significant Findings

Finding:	Risk:
Spend on independent placements has exceeded budgets for the last five years. The cost of independent placements may rise further due to a number of factors.	Budgets have not been set at a realistic level. There is insufficient funding or reserves available to reduce gaps between budgets and actual expenditure.
Spend for independent fostering and residential placements are coded to the same cost centres. Total spend for specific CLA cannot be identified	Current processes for identifying and reporting spend are inefficient. All costs relating to specific placements may not be identified.

in the financial management system (currently SAP). Therefore, monitoring is completed through external spreadsheets.	
There is no documented, overarching contract process, though roles have been assigned. Though not responsible for contract management, operational staff may lack understanding of their role in helping to deliver contracted outcomes.	Contract delivery may not be required or reflect a child's current needs. Opportunities to reduce costs to SCC are not identified.
Resource requirements for contract management have not been identified.	
IPAs do not consistently record outcomes, success measures or timescales for achievement.	
A process for formal contractual review of provider performance has not been in place.	
Though performance within the Children's service is monitored through the QPRM process, this does not include contract management.	Issues relating to contract management are not identified at service or corporate level.

Audit Opinion:	Partial

We can offer partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Our review has established that a robust approach towards contract management of children's placements has not been in place, though this has been recognised as a necessity by the Children's service and has started to be addressed. Seven significant findings (identified above) were identified, with five of these relating to contract arrangements, most pertinently a lack of clarity in who holds responsibility for ensuring contracted outcomes are delivered, and there not being a process for annual review of contracts.

Though care and education are statutory services and therefore must be provided, independent placements represent a significant cost pressure for SCC and therefore action must be taken to effectively secure the right support and placements for children, and to confidently contract manage placements that do go ahead. Strategies, such as the Sufficiency Statement and action plan for Children Looked After (CLA) and school place planning, have not been a core focus of this review, but have a direct impact in determining the number of independent placements that are needed now and will be required in future years.

Corporate Risk Assessment		
Risks	Inherent Risk Assessment	Auditor's Assessment
1. Contract spend exceeds set budgets.	High	High
2. Contracted services fall below expected standards or are not delivered.	High	Medium

Findings and Outcomes

Method and Scope

This audit has been undertaken using an agreed risk-based approach. This means that:

- the objectives and risks are discussed and agreed with management at the outset of the audit;
- the controls established to manage risks are discussed with key staff and relevant documentation reviewed;
- these controls are evaluated to assess whether they are proportionate to the risks and evidence sought to confirm controls are operating effectively;
- at the end of the audit, findings are discussed at a close-out meeting with the main contact and suggestions for improvement are agreed.

A contract management review is performed by SWAP on an annual basis and it was requested by the Chief Executive and Director – Commercial & Business Services that the 2017-18 review focus on arrangements in place for children's independent placements. At the beginning of this audit we were asked to focus on placements made with three specific providers as a starting point:
- Cambian Group PLC
- Keys Childcare Ltd
- Five Rivers Childcare Ltd

As the audit progressed, most time has been spent identifying and assessing current procedures for contract management making use of the SCC Contract Manager's Toolkit. Limited sample testing has been completed, though we requested a sample of 20 Individual Placement Agreements (IPAs) relating to children currently based with the three providers noted above. The IPA is effectively the contract between SCC and the provider for the placement, and it defines specific outcomes to be achieved through the placement, however it is distinct from the care plan prepared and maintained by Children's Social Care (CSC). The IPA, rather than the CSC care plan, was the focus of this audit.

During the review, interviews were held with officers from the Children's Commissioning team, including the Placements team, the Children's Finance team and SEN service. Information and documentation was also obtained from the Commercial & Procurement team, and the procurement service at Devon County Council, who are responsible for tendering the independent placements framework on behalf of the PCPP. Financial data was obtained from the financial management system, SAP.

We requested copies of six IPAs relating to SEN placements, however these were not provided by the service in time to be tested.

1.	Contract spend exceeds set budgets.	High

1.1	Coding of contract spend

Separate teams are responsible for processing, recording and monitoring spend on independent placements. For fostering and residential placements, this responsibility was allocated to the Children's Finance team until April 2018, when this was passed to the Placements team. For education placements, this is completed by a dedicated Business Support resource within the Education service. We found that Business Support resource does not have access to the IPAs to confirm amounts being paid match the contracted value. This was also the case for the Children's

Finance team, though this is no longer applicable and a process to seek confirmation from the Placements team was in place.

Funding for fostering and residential placements is held within the Children & Families Operations budget. Due to the number of independent placements they do not have separate budgets, meaning it is not possible to monitor budgeted vs. actual spend for each placement using the financial management system, SAP. Though having a specific budget for each placement may not be workable with the current number of placements, not doing so weakens available monitoring options.

Spend is coded against cost centres based upon geographic area (Taunton & West, Sedgemoor, Mendip and South Somerset). Though there are specific codes for some placement types, such as Leaving Care, residential and fostering placement spend is not recorded to separate codes. The continuing relevance of the area codes currently used is not clear and appears to be based on historic practice.

We were also informed that it is not currently possible to identify all spend linked to a specific child on SAP due to the way transactions are currently recorded. This means costs outside of the agreed contracted rate may not be captured by budget monitoring. Though this is an issue which impacts areas other than independent placements, this, in combination with the use of the high-level cost centres above, means there is a reliance on using spreadsheets to obtain meaningful management information. This has been recognised by the Children's Finance team and alternative recording methods are currently being investigated. It has been reported to us that it is possible for the contract to be identified within SAP using a particular field, but no action or timeframe has yet to be agreed to take this forward.

Though spreadsheets are a useful tool and we were shown that monitoring spreadsheets are regularly reconciled against SAP, greater efficiency and more timely and meaningful management information could be achieved if this were available on SAP.

1.1a	Proposed Outcome:	Priority 4

We recommend that specific cost centres for independent residential and independent fostering are set up and used to record all relevant spend. This should align with contract management responsibility, so accountability is clear. A method which will allow all spend for a specific child to be identified using the financial management system should also be introduced, so reporting and monitoring of all related costs will be possible.

Action Plan:

Person Responsible:	Service Manager – Children's Finance	Target Date:	Cost centres: August Placement costs: October/November
Management Response:	The approved budget for residential and fostering placements is currently not sufficient to cover existing costs therefore it would not be possible to input a budget per placement without the cost/number of placements being reduced and/or the budget rebased. Both of which are part of the medium-term strategy for the authority. Even when this has been achieved SCC financial system would not be the appropriate tool to do this and it would require the purchase of a bolt on system. New cost centres were already being considered as part of improving financial management and accountability. These will be implemented as soon as possible and will align to operational and contract management responsibility.		

Options are also being considered that have potential to enable all spend associated with a specific child's placement to be identified. One of these options is making better use of the existing functionality in the financial system whilst the other is the purchase of a finance module that links to our current CSC management information system and interfaces with the financial system. The latter would also have the capability to address the concern highlighted about individual budgets for placements but would incur further costs and both options will have resource implications. These options have yet to be fully appraised.

1.2	Spend on independent placements

As part of the review we obtained spend information from SAP and from the Children's Finance to establish total spend on independent placements in the last five years against set budgets. Though we found regular evidence of budget monitoring, our review of spend data found that for the last five budget years:

- The budget for independent residential and fostering placements totalled £62.07m but has been overspent by £10.08m. The budget has been overspent each year since 2014/15. The overspend in 2017-18 was 150% more than the overspend in 2016-17.
- The budget for independent education placements, including the 'SEN/CSC pooled budget' (cost centre 102322) which covers education placements funded by multiple services, totalled £47.12m but has been overspent by £7.59m. The budgets have been overspent each year since 2013/14.

A year-to-year breakdown is provided below:

Summary: Residential and fostering			
Year	Budget	Actual spend	Over/underspend
2013-14	£11,042,100	£10,745,705	-£296,395
2014-15	£11,107,700	£12,519,235	£1,411,535
2015-16	£12,977,300	£14,321,986	£1,344,686
2016-17	£13,468,600	£15,649,169	£2,180,569
2017-18	£13,471,100	£18,912,958	£5,441,858
Total	£62,066,800	£72,149,052	£10,082,252

Summary: Education placements			
Year	Budget	Actual spend	Over/underspend
2013-14	£8,765,700	£8,814,500	£48,800
2014-15	£8,844,600	£10,252,800	£1,408,200
2015-16	£9,783,600	£11,527,600	£1,744,000
2016-17	£9,486,000	£11,626,000	£2,140,000
2017-18	£10,237,500	£12,491,100	£2,253,600
Total	£47,117,400	£54,712,000	£7,594,600

Though regular budget monitoring is in place, this has not resulted in costs being contained within agreed budget parameters as the base budget has not been reset to recognise increasing demand and costs. We also found that budgets are not revised throughout the year to take account of placements ending, changing or additional placements being made, though this can be attributed to a lack of funding to meet additional demand.

For the last two fiscal years, overspends in the Children and Families Operations budget have been offset through use of reserves, with £3.7m being drawn down in 2016/17 and £5.9m in 2017/18. The summary for residential and fostering placements above reflects the spend position after the reserve funds were apportioned across the budget. Though education budgets are funded by Dedicated Schools Grant, continued overspending on education placements will impact how the schools budget can be used. There are numerous reasons why independent placements may be necessary which can only be addressed at a strategic level. For instance, officers reported that there are an insufficient number of places available in SCC maintained special schools to meet demand for the forthcoming academic year. An appendix to 2017-18 outturn report states that a lack of capacity in the local fostering market is resulting in children remaining in costlier residential placements for longer periods of time. Therefore, spend cannot be reduced without work on contributing factors. It is not currently clear how much spend can be controlled by improving contract management arrangements and by how much spend can be reduced through implementation of changes at a higher strategic level.

The Children's Senior Management Team (CSMT) receive regular budget monitoring information in the form of a monthly metrics report, which provides updates on the budget forecast, the number of placements and the average cost of those placements. The metrics report also captures, and tracks actions agreed by the CSMT. Though these are RAG rated, we found the actions often did not meet SMART criteria as they were not always specific (e.g. 'review financial projection methodology') and because completion timescales are not consistently recorded. The council has a Sufficiency Plan in place and progress against this is monitored through the Corporate Parenting Board. Actions to improve contract management processes are included within the Strategic Service Plan for Children's Services.

In the short term, a risk exists around the re-tendering of the residential, education and 16-25 support frameworks. We have been informed that some providers signed up to these frameworks have not reviewed their prices since the frameworks were implemented and it is likely there will be cost increases. Though membership of the new fostering framework was approved by Cabinet, forecasts indicated that the average cost of these placements would increase by 8.4%, resulting in a potential additional cost pressure of £0.53m per annum. It is therefore crucial that action is taken to reduce the number of independent placements used as much is possible, and an effective and robust contract management framework is in place to reduce the costs of placements where these must be used. The level of savings to be made through effective contract management has not been quantified as part of this review, and though it is noted the most significant savings will need to be driven by strategic changes at service level, contract management can play a role in reducing costs and addressing weaknesses stated within this report.

1.2a	Proposed Outcome:	Priority 5

We recommend that a contract and supplier relationship management framework be developed alongside colleagues from the Commercial and Procurement Team (including the Commercial Contract Management Team) to further drive improvements including better supplier relationships, improved outcomes for children and to identify savings opportunities (cashable and efficiencies), ensuring that sufficient resource is allocated so that improvements can be delivered.

Action Plan:

Person Responsible:	Strategic Commissioner – Vulnerable Children	Target Date:	September 2018
Management Response:	Contract management arrangements are already in track within children's services regarding placements. IPAs are in place for all placements, work is underway to improve the quality to be able to proactively monitor achievement of children's outcomes and a move to permanent arrangements.		

	Work has commenced alongside colleagues from the Commercial and Procurement Team to better understand the existing contract management mechanisms within the framework and how they align to SCC's Contract Management Toolkit to identify an appropriate contract and supplier relationship management framework. This work will incorporate work already undertaken by Commissioning colleagues to put better contract management controls in place and will broaden this out to identify a range of improvements to independent placements.
	NB: All independent fostering placements have been transferred onto the new fostering framework and have resulted in an additional cost of £0.15m, much less than was originally costed at £0.53m as stated above, down to the negotiations by the Placements team. The Placements team are in daily contact with social workers and providers. They negotiate on every placement and package of care.

2.	Contracted services fall below expected standards or are not delivered.	Medium

2.1	Contract Managers Group and Toolkit

As part of the review we aimed to establish whether representatives from Children's Services Commissioning Team have been regularly attending the Contract Managers Group and whether designated champions for the Contract Managers Toolkit are in place.

Officers reported to us that they were aware of the Contract Managers Toolkit, but efforts to use this for contract management of independent placements have only started recently. A representative from the Children's Commissioning team has been attending the contract managers group since March 2018, and the service has adopted some templates from the Toolkit.

The SEND service does not currently have a representative attending the Contract Managers Group and officers advised this was due to there being insufficient resource to do so (see 2.3 for further details). Attempts were made to use some of the Toolkit templates however we were informed this has not resulted in any being adopted on the basis that they did not reflect the arrangements for the SEND service.

Attendance at Contract Managers Group and use of the Contract Managers Toolkit are useful tools which allow best practice to be shared across service areas, all of whom manage contracts separately.

2.1a	Proposed Outcome:	Priority 3

We recommend that the Commissioning and SEND teams identify a Contract Manager's Toolkit Champion whose role will be to promote effective use of the Toolkit within their service area.

Action Plan:			
Person Responsible:	Children's Services Strategic Commissioners	Target Date:	Immediate
Management Response:	Agreed. Officers from the Children's Services Commissioning Team are actively attending the Contract Manager's Group and it is their responsibility to cascade the learning to their colleagues.		

2.2	Named contract manager

For the frameworks being reviewed, contract management takes place at three levels:

- PCPP - the PCPP is responsible for procuring the frameworks, determining which providers are admitted to the framework and contract managing providers where there are significant issues which could affect PCPP members. SCC is represented at PCPP Board level by the Assistant Director - Commissioning and Performance, and by the Strategic Commissioner - Vulnerable Children on the Market Management Group regarding placement activity.
- Commissioning team - for residential and fostering placements, the Commissioning team is responsible for building relationships with and contract managing providers at an overall level.
- Placements team - the Placements team is responsible for negotiating of placements and completion of IPAs, but at the time of the audit were not carrying out a performance management function. During the review it was proposed that the Placements team undertake this role in the future, and arrangements for contract managing IPAs for residential placements have been made.
- Social workers and SEN Casework Officers – each child in a placement will have an allocated social worker or SEN Casework Officer, dependent upon their circumstances and the type of the placement. The social worker will prepare a care plan which outlines the child's needs and desired outcomes, while a SEN Casework Officer will do the same through an Education Health and Care Plan (EHCP).

For the SEND service, we were advised that there is no commissioning support at present and therefore this role is undertaken by the SEND Strategic Manager.

For this review we were initially asked to focus on three specific placement providers. We were provided with a copy of the corporate contract register, which indicates there were five contracts relating to these providers with three of these being managed by the Strategic Manager - Child Placements and Resources. We were advised this was incorrect and these contracts are managed by the Strategic Commissioner - Vulnerable Children.

Throughout this review the Children's Commissioning Team has been in the process of putting together its own contract register. This has now been completed and this specifies commissioning leads, who act as overall contract manager. As illustrated above, contract management responsibilities are split across multiple teams, with there being links and dependencies on operational teams such as Children's Social Care.

As reported under 2.9, historically there has not been a process in place to ensure that contracted services for independent placements are delivered in line with the IPA. As a result, there is a lack of evidence that traditional contract performance management tasks are being completed, though this was anticipated in advance of the audit by management.

Though social workers and SEN Casework Officers are not responsible for contract management, they do have a key role in ensuring children's needs are met. Though we did not interview social workers as part of this audit, representatives from the SEN team reported they have never been involved in ensuring contracted services are delivered, though there should be direct linkages between the care plans/EHCPs and IPAs. Though there is a process map which outlines the placements process, this does not provide a full overview of contract management activity.

As part of our testing we reviewed job descriptions for relevant roles. This identified that there is no specific job description for the Placements Team Manager and a generic social work manager description has been used.

A new Education Scheme of Delegation has been introduced and officers reported this will outline responsibilities, however this was not provided to us for review during this audit.

If contract management responsibilities are not formally allocated and officers are not aware of

their responsibilities, there is reduced assurance that contract management will be sufficient.

2.2a	Proposed Outcome:		Priority 4

We recommend that a process map for independent placements contract management is created. This should record all key processes and clearly outline the responsibilities of individual teams and staff. All affected staff should be contacted to confirm the new arrangements and, where necessary, job descriptions should be updated to capture these changes. Support from the Commercial Contract Management service should be requested as part of this review.

Action Plan:

Person Responsible:	Strategic Commissioner – Vulnerable Children	Target Date:	Sept 2018
Management Response:	Agreed, see 2.3 below		

2.2b	Proposed Outcome:		Priority 3

We recommend that the errors identified in the corporate contracts register are addressed.

Action Plan:

Person Responsible:	Strategic Manager - People and Place	Target Date:	Sept 2018
Management Response:	The Commercial and Procurement Team shall work with the Children's Services Commissioning Team to align contracts registers and ensure that all published details are correct and up to date.		

2.3	Resources for contract management

A common theme highlighted during this review was that a lack of resource was impacting on the ability to contract manage to required standards, particularly within the education service. This has impacted on the ability of these services to complete reviews to ensure that contracted services are being delivered, and to focus on embedding strategic changes to improve current arrangements.

We were informed during this review that within the education service there is no commissioning resource currently dedicated to independent placements, and though the service has identified areas that require improvement, such as transitioning children back to mainstream schools where possible, a lack of capacity means there has not been much progress towards this.

In Children's services, the Commissioning team is now sufficiently resourced to undertake regular visits to providers providing social care placements. The Placements team has recently taken on responsibility for processing and payment of invoices, but we were advised there has not been sufficient resource to undertake contract monitoring on anything other than a reactive basis. The service has however recently completed reviews of fostering placement IPAs as part of the transfer to the new framework, and there is an intention to make this a regular exercise. A resource for monitoring residential placements against actual provision has also been identified.

During the initial meeting we were informed that two specified Contract Officer posts exist within the Children's service. One of these posts, which sits within the team responsible for independent placements, is vacant. We were informed that requests to recruit to this role have been made through correct SLT recruitment request processes without agreement, therefore it has remained vacant. The other role has been filled but the postholder is currently on maternity leave.

An assessment of the resources needed to complete effective contract management of independent placements has not been completed, so there is not a specific picture of resource needs. However, without sufficient resource contract management will be insufficient and opportunities for spend reduction missed or delayed.

2.3a	Proposed Outcome:		**Priority 4**

We recommend that resource requirements for contract management activity are identified as part of the recommended process mapping exercise. Support from the Commercial Contract Management service should be requested as part of this review.

If a Contract Officer for placements is appointed, it may be of benefit for the Officer to be based with the Commercial Contract Management service for an interim period so best practice can be shared.

Action Plan:

Person Responsible:	Assistant Director - Commissioning	Target Date:	September 2018
Management Response:	Agreed. Children's Services is currently working with an independent LGA consultant to review a number of areas including budgets, commissioning and capacity to deliver. This is due to report in September and it would make sense to combine their work with this audit to establish an effective commissioning and placement function that can deliver the improvements required. Representatives of the Commercial Contract Management Service have been actively engaged to provide support to Children's Commissioners in developing their contract management arrangements. The corporate toolkit outlines a tiering approach to contracts which provides an outline of the tasks and time for each type of contract. This will also be used to establish the resource required to effectively contract manage.		

2.4	Tiering tool

The tiering tool is a tool in place to support service areas to evaluate the value, strategic importance and complexity of a service contract through a scoring exercise. The total score places the contract into a tier and provides an indication of necessary contract management tasks and the time needed to complete and review these tasks. There is an expectation that tier 1 contracts (value of over £20m, contract is critical to the organisation and is deemed complex to manage) will be monitored through Director balanced scorecards and the supplier should also have a performance scorecard.

The tiering tool has been adopted for the recently completed Children's services contract register, which includes the residential, fostering and education frameworks and designates each as a tier 1 contract.

An agreed requirement for tier 1 contracts is for the contract to be included on a director scorecard. As the tiering process has only recently been completed, we identified that a specific performance scorecard has not yet been introduced for the framework. There is no director scorecard for Children's Services, as there was corporate agreement that Children's Services would monitor performance through the QPRM mechanism alongside SCC's improvement partner, Essex County Council. Following testing we were advised a QPRM scorecard is in place, but this does not monitor contract activity. There is however an intention to develop scorecards for Children's Social Care, Commissioning and Early Help. An Education scorecard exists, but this does not include information on placements.

Finance metric reports are regularly presented to Children's Senior Management team, however these focus on the financial implications of placements rather than the performance of providers. A placements dashboard is in place and this monitors placement numbers and costs, but it does not feature any targets.

Without relevant performance targets and scorecards being in place, there is a risk that consistent failures in provider performance are not identified at service or corporate level.

2.4a	Proposed Outcome:	**Priority 4**

We recommend that performance management scorecards are introduced for the independent placement frameworks.

Action Plan:

Person Responsible:	Assistant Director - Commissioning	Target Date:	September 2018
Management Response:	The recently updated Sufficiency Statement and action plan contain high level performance indicators on placements and is reported to the Corporate Parenting Board. These have also been reported to Cabinet/SLT and would continue to be on a quarterly basis. Children's Services have established the external QPRM (Quality, Performance Reporting Mechanism) process to report on performance. This does now include a section on commissioning and could be expanded to include performance on top tier contracts. An internal commissioning QPRM, and quarterly contract review session have also just been established which will include reports regarding performance of providers.		

2.4b	Proposed Outcome:	**Priority 4**

We recommend that metrics relating to independent placements are included in corporate performance monitoring. The indicators should, as a minimum, track the number and the average cost of independent placements, with a view to reduce these as much as possible.

Action Plan:

Person Responsible:	Assistant Director - Commissioning	Target Date:	September 2018
Management Response:	See above		

2.5	Operations Manual

The Operations Manual is intended to provide an overview of the key components of a contract that are needed for day to day management, as well as for managing continuity and handover during the contract lifespan. It is aimed principally at tier 1 and 2 contracts but can also be used for tier 3 contracts to cover key information on multiple contracts under a framework.

The Children's Commissioning service has been developing a 'provider on a page' tool which will be used in a comparable way to the Operations Manual. The provider on a page records key information for all residential and fostering placement providers, including:

- Commissioning lead
- Contact details
- Ofsted rating
- Performance RAG rating
- An overview of children placed including start date, weekly cost and comments relating to the placement.

This provides a useful summary to support conversations with or visits to providers, and because it combines placement and financial information which is otherwise held separately. Until the document is completed this remains a weakness. However, we were informed that the tool is likely to only be updated twice per year, ahead of providers visits, which may limit how it can be utilised outside of visits.

A placements dashboard exists within LCS and this can be used to identify all children in placements, however we were advised it was not possible to run a report by a specific provider which could confirm all children who had been placed there. The current report confirms the foster carer but not the agency through which they have been appointed. The service does not have access to reporting and therefore must request these from the Business Intelligence team, which could lead to complications in the event such staff are unavailable.

2.5a	Proposed Outcome:		Priority 3

We recommend that the provider on a page document is completed. In addition, a report which identifies all children placed with a specific agency from LCS should be introduced and made accessible to Commissioning officers.

Action Plan:			
Person Responsible:	Strategic Commissioner – Vulnerable Children	Target Date:	September 2018
Management Response:	Agreed.		

2.6	Change control

The residential, fostering and education framework agreements use national standard contracts as the basis for the contracts with placement providers (National Residential Contract, National Fostering Contract and National Schools and Colleges Contract, respectively). For each framework there is a generic form (Schedule 6 - Agreement to Vary the National Contracts) which can be used to document any clauses in the overarching contracts that will not apply to an IPA.

Officers informed us that outside of the above, change control for the framework agreements would be addressed by the PCPP rather than a member authority such as SCC. At placement level, any change to a placement necessitates a new IPA, which eliminates the need for a change control register.

As part of our review of 14 residential and fostering placements, we compared recorded weekly placement costs recorded on the IPA to what was recorded as being paid to providers by the Children's Finance team. This identified discrepancies in five instances, though it should be noted that for four children the amounts being paid to providers were lower than the amount agreed on the IPA. For the remaining placement, the amount being paid was £5 per week higher than the figure stated on the IPA. The specific cases have been reported to the Placements team, but explanations have not been provided at the time of writing.

The findings above indicate that IPAs are not always reissued upon changes to placements being agreed, therefore there is a risk that IPAs may not always reflect actual agreed arrangements for placements.

2.6a	Proposed Outcome:		Priority 4

We recommend a revised IPA is issued following agreement of any key changes to an independent placement.

Action Plan:			
Person Responsible:	Strategic Commissioner – Vulnerable Children	Target Date:	31 July 2018
Management Response:	Agreed.		

2.7	Liaison with providers

We were advised that prior to 2018 there was insufficient resource within the Children's Commissioning team to complete performance monitoring visits to all independent placement

providers. More resource is now available within the team and they have now committed to meeting with providers twice per year, with some initial meetings having already taken place. Fostering providers are to be visited first, followed by residential providers.

In addition to the above, residential providers are subject to more frequent quality assurance visits by the Placement's Team Quality Assurance Officer. The Children's service has recognised that this presents an opportunity and this officer is now expected to check delivery against IPAs as part of these visits.

For education placements, a programme of regular meetings with providers is not in place and visits generally only take place where an issue has been identified or a review is required. A specific issue reported is that due to resource limitations SEN Casework Officers have not been able to consistently attend these reviews, though this has now been mandated.

The Commissioning service has introduced an action log to record issues identified during visits, however at the time of the audit there was no standardised meeting agenda. The use of a standardised agenda would be beneficial for planning, ensuring all necessary areas are discussed, and allowing providers to plan accordingly.

2.7a	Proposed Outcome:	Priority 3

We recommend that a standardised agenda for independent placement provider meetings is introduced. This should include the purpose of the meeting and incorporate any performance requirements introduced as per recommendation 2.8.

Action Plan:			
Person Responsible:	Strategic Commissioner – Vulnerable Children	Target Date:	Sept 2018
Management Response:	This will form one output of the aforementioned contract and supplier relationship management framework work that is currently underway between Commercial and Procurement Team and Children's Commissioning Team colleagues.		

2.8	Performance management

The PCPP is responsible for ensuring that providers meet overarching performance requirements defined within the overall framework agreement, and this is undertaken by Devon County Council on behalf of the PCPP. This work is outside the scope of this review and therefore has not been investigated.

The schedules for the residential, fostering and education frameworks include suggested performance measures for providers, however these are not currently used by SCC. The provider on a page document includes a RAG rating system for providers, however the document has not yet been completed. Instead focus is placed upon individual outcomes as defined in the IPA. As part of the IPA outcomes, success measures and timescales for achievement can be defined.

We reviewed a sample of fourteen IPAs relating to residential and fostering placements to establish whether performance expectations had been defined. This identified that:
- Four IPAs did not define any outcomes that providers needed to achieve. Three of these were IPAs which have recently been updated as part of the move to the new fostering framework, which has a different IPA format which only includes outcomes.
- The remaining IPAs had outcomes recorded, however clear success measures and timescales for achievement had not been documented.

All CLAs have case reviews performed at set frequencies by an Independent Reviewing Officer (IRO).

Where an independent placement is in place, this will include discussions regarding the placement and outcomes achieved, which may necessitate changes to the IPA. Though we found each child had had CLA reviews performed, the content of the reviews did not consistently indicate whether all IPA outcomes were being delivered through the placement. In some cases, the same IPA had been in place for multiple years, which could mean recorded outcomes are no longer relevant. However, there was insufficient time available to complete full comparative testing.

If outcomes and success measures are not defined, this may reduce SCC's ability to take necessary actions where placements are not meeting a child's needs.

2.8a	Proposed Outcome:	**Priority 4**

We recommend that all IPAs have recorded outcomes for providers to achieve and, where applicable, success measures and timescales.

Action Plan:			
Person Responsible:	Strategic Commissioner – Vulnerable Children	Target Date:	Sept 2018
Management Response:	Agreed		

2.8b	Proposed Outcome:	**Priority 4**

We recommend that a system for monitoring performance at provider level is introduced.

Action Plan:			
Person Responsible:	Strategic Commissioner – Vulnerable Children	Target Date:	Sept 2018
Management Response:	This will form one output of the aforementioned contract and supplier relationship management framework work that is currently underway between Commercial and Procurement Team and Children's Commissioning Team colleagues.		

2.9	IPA reviews

We found that there has not been a process in place to ensure that all IPAs are reviewed and updated contractually as necessary on an annual basis, though the IPA templates refer to an annual review period. However, all fostering framework IPAs have recently been reviewed as part of the transfer to the new fostering framework. We were informed that the Placements team intends to undertake annual contractual reviews of IPAs going forward, and this has been included in the Placements Sufficiency Plan.

In most cases a child in an education placement will also have an Education Health and Care Plan (EHCP) which describes their special education needs, the support they require and the outcomes that need to be achieved. We were informed that the EHCP must be reviewed on an annual basis, and that the outcomes sections of the IPA refer to the EHCP as a superseding document. Therefore, an education IPA only requires review in the event costs or services are amended. We requested a sample of education IPAs and evidence of annual review as part of this review however these were not provided by the service, therefore we have been unable to verify these arrangements. For fostering and residential placements, each child will have a care plan which outlines their needs, and this should inform the IPA. As explained under 2.8, residential and fostering placements are also subject to regular CLA reviews which can lead to changes to IPAs in place.

We reviewed the 14 IPAs we received to confirm whether they had recorded contract review dates and, where the placement had been ongoing for more than a year, that the IPA had been revised. We found that only three IPAs had a recorded review period (three months) and that each of these were IPAs for the new fostering framework. The remaining IPAs either had a suggested review frequency but no dates had been recorded, or the template did not refer to an IPA review. Five

placements had been ongoing for more than a year, but we found two cases where the IPA in place had not been revised since the placement started (one in 2016 and the other in 2015), though CLA reviews were completed within this timeframe.

If IPAs are not reviewed on at least an annual basis, there is reduced assurance that all contracted services are still required or that recorded outcomes are still relevant.

2.9a	Proposed Outcome:		Priority 4
We recommend that all independent placement IPAs are reviewed on at least an annual basis.			
Action Plan:			
Person Responsible:	Strategic Commissioner – Vulnerable Children	Target Date:	Immediate
Management Response:	Agreed that a contractual review is necessary annually with the provider. The use of SCC's contract monitoring toolkit will inform the level and extent of contract monitoring required.		

2.10	Exit strategies for education placements

From review of contract information, we were satisfied that there are sufficient clauses which would allow SCC to terminate placements when needed.

However, for education placements there are additional requirements which must be considered, outside of the provider contracts, when planning to terminate a placement.

Once a school is named in a child's EHCP, it cannot be changed without an annual review being performed. A local authority can only end an EHCP in certain circumstances:
- If the local authority is no longer responsible for the child or young person; or
- It is no longer necessary to maintain the EHCP.

A local authority is no longer responsible in the event a young person takes up employment, commences higher education, they reach 18 and no longer wish to engage in education, they turn 25, or they move to a different local authority area.

To cease an EHCP on the grounds it is no longer necessary, a review must be completed to determine whether the outcomes set out in the plan have been met. To transition a child from an independent school into a maintained school, there must also be evidence that the maintained school can meet their needs.

The main challenges in ending an education placement are that:
- Independent providers have little incentive to work towards returning a child in an independent placement to a mainstream or special school, as this will reduce their income;
- For a change to take place successfully, a young person's parents must agree to the school change.
- If parents do not agree with an EHCP being withdrawn, or a change to the provision, they have the right to challenge the local authority's decision through the national SEND Tribunal. This can incur significant costs for the local authority, and local authorities are bound by law to comply with the decision of the SEND Tribunal.

The SEN service is currently considering strategies which will allow for more children in independent placements to be returned to maintained schools, and this includes the use of transition funding where maintained schools can buy services from an independent provider. The education framework has been extended until September 2019 to allow time for tendering a revised framework. The above can present significant challenges and therefore should be considered by

the PCPP strategically as part of this process.

2.11	Access to IPAs

In response to recent Ofsted inspections, Children's services have focused on ensuring that all children in an independent placement have an IPA in place.

As part of the audit we requested copies of current IPAs for a sample of 20 children in independent placements (eight fostering, six residential and six education). From this we found that each of the children in a residential or fostering placement had an IPA in place for the requested placement, though one child had since moved placement. We requested confirmation that an IPA for this placement had been completed, but at the time of writing this has not been confirmed.

As previously reported the six education IPAs were not provided for review and therefore we cannot provide assurance that they are in place.

IPAs are held in several locations, including:
- A drive shared by the Placements and Commissioning teams
- Paper folders
- LCS
- Capita

However, the Strategic Commissioner – Vulnerable Children and Interim Strategic Manager – SEND both reported that they do not have electronic access to the IPAs via shared drives. In addition, though documented procedures state IPAs should be uploaded to LCS, we found this had happened for only six of fourteen residential and fostering placements included in our test sample.

If necessary staff cannot access IPAs, there is a risk that they will not be monitored as required.

2.11a	Proposed Outcome:	Priority 3

We recommend that access to IPAs and other key information is considered as part of the mapping process recommended under 2.2a.

Action Plan:			
Person Responsible:	Strategic Commissioner – Vulnerable Children	Target Date:	Sept 2018
Management Response:	Agreed.		

Audit Framework and Definitions

Assurance Definitions

None	The areas reviewed were found to be inadequately controlled. Risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Definition of Corporate Risks

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 5	Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
Priority 4	Important findings that need to be resolved by management.
Priority 3	The accuracy of records is at risk and requires attention.

Priority 2 and 1 Actions will normally be reported verbally to the Service Manager.

Support and Distribution

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Statement of Responsibility

Conformance with Professional Standards

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Auditing Standards.

SWAP Responsibility

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