

DELEGATED DECISION BY CABINET MEMBER FOR CHILDREN, EDUCATION & YOUNG PEOPLE'S SERVICES

12 February 2025

Joining the South East Regional Care Cooperative (RCC)

Report by the Director of Children's Services

RECOMMENDATION

- 1. The Cabinet Member is RECOMMENDED to:**
 - a) agree to Oxfordshire County Council joining the Department for Education (DfE) approved pathfinder for the South East Regional Care Cooperative (RCC) for a period of three years from 1 April 2025–31 March 2028; and**
 - b) contribute financially to the RCC at a total cost of £625,000 for the three-year commitment.**

Executive Summary

2. The South East region of Local Authorities was awarded pathfinder status by the DfE in the summer of 2024 to establish a Regional Care Cooperative under the legislation and policy of 'Stable Homes Built on Love' 2023, Keeping Children Safe, Helping Families Thrive 2024 and the Children's Wellbeing Bill 2024.
3. The South East Regional Care Cooperative (RCC) is seeking a contribution of £625,000 from Oxfordshire County Council over a three year period. This money will be invested in the operation of the RCC to save money and improve outcomes for all Local Authorities participating in the RCC. The RCC will be formed of 18 local authorities. The overarching purpose of the RCC is to increase the number and quality of placements available for children in the region, develop a regional view of sufficiency through data sharing and shape the market to provide more appropriate placements locally, thus improving children's outcomes and experiences of care.

Background and context

4. In early 2024, the South East's bid was selected as one of the two pathfinder areas for the Department for Education's (DfE) Regional Care Cooperative (RCC) programme. Oxfordshire County Council supported this bid at the time and continues to support the initiative. Oxfordshire County Council is able to continue to influence the development of the RCC through the Director of Children's Services role on the project board.

5. The current system for delivering children's social care is not functioning effectively, with many Local Authorities experiencing heavy year-on-year increases in the cost of delivering services.

These pressures have been seen within Oxfordshire County Council particularly with the increased cost of children's homes providers that now average at a cost of £6500 per week. It remains particularly challenging to source placements within or close to Oxfordshire for children with complex needs who may require a secure placement or a high needs residential placement. These placements are usually sourced far away from Oxfordshire at extremely high cost.

6. The RCC represents an opportunity to work together to bring down these escalating costs while delivering better outcomes for children and young people. The DfE has provided funding of £1.95m for the setup of the South East RCC (running from April 2024 to June 2025) and £5m for the creation of new regional residential/foster provision through a capital grant (to be used by 31 March 2025).

7. Proposal details

The RCC's strategic priorities are:

- Carry out regional data analysis and future sufficiency forecasting.
- Improve Local Authorities' ability to access care places for children and young people across the region at better value for money.
- Influence the market to ensure South East provision is available and better meets the needs of South East children and young people.
- Commission care places for those with the most complex lives.
- Develop a high-quality workforce to care for children and young people.

The RCC will start delivering benefits from June 2025, operating as a start-up where activity and impact grow year on year. The RCC will focus on two key objectives: improving outcomes for children and young people and reducing costs for Local Authorities.

8. The benefits of the RCC are as follows:

At go live:

- 40+ new beds for the region, enabled via the capital grant fund.
- Stronger relationships with providers.
- Stronger relationships with the VCSE.
- Stronger relationships with ICBs and youth justice.
- Opportunities for the workforce to develop through discrete training courses.
- Improved ability for Local Authorities to jointly commission and trade care places.
- Improved understanding of the landscape and challenges within the South East through targeted data analysis.
- A strong relationship developed with the South East foster hub.

9. Years 1 – 2:

- A reduction in the number of unregistered care places used.

- A regional data analysis capability providing evidence-based insight into where provision should be commissioned which is available to all stakeholders in the region.
- A reduction in the cost of care places as risk to providers reduces.
- Improvements in the quality of the workforce.
- More children and young people placed locally, enabled through placement trading and joint commissioning.
- Aligning foster parent recruitment and retention with sufficiency by bringing the foster hub under the umbrella of the RCC.

10. Year 3 onwards:

- Continuing reduction of unregistered care placements.
- Strong provider relationships, meaning that the RCC can work hand in hand with providers to create a stable placement landscape which is beneficial to all parties.
- Potential for in-region secure accommodation that meets the needs of our young people
- A further reduction in the cost of care placements.
- New entrants to the market who do not rely on a venture capital backed business model.
- A high quality and continuously improving workforce.
- Sufficient care places available so that South East children and young people stay in the region unless there is a good reason not to.

These benefits will be achieved by working with providers to ensure provision better meets children's needs, improving the quality and size of the workforce, and collating, analysing and sharing regional data to ensure that decisions are evidence-based.

Costs will be reduced by commissioning placements regionally for those with the most complex lives, using data to improve transparency over provider pricing, improving relationships with providers, and enabling Local Authorities to commission collaboratively where appropriate. High-cost, complex placements are a particular focus.

Beyond the setup costs covered by the DfE, the RCC can only function if funded by annual contribution from all 18 Local Authority members. The proposal is for a 50% contribution in year 1, moving to a 100% contribution in years 2 and 3.

11. Delivery vehicle options:

A decision on the delivery vehicle for the RCC is yet to be formalised. Currently, the three options under review are:

- a shared service hosted by one of the 18 Local Authorities
- a Local Authority Trading Company
- an independent entity, likely in the form of a Public Sector Mutual.

The RCC scope will focus exclusively on the availability of placements for looked after children (residential, supportive lodging and fostering, and will provide the South East with new tools and insights to shape the market based

on the needs of children. The project team has begun exploring the possibility of the RCC becoming a provider of placements in the future, in addition to a commissioner.

12. Other options considered (and reasons for not proposing)

Alternative option: do nothing

Without the RCC, Local Authorities will continue to face rising costs and insufficient placements, leading to poorer outcomes for children and young people. Between 2015/16 and 2021/22, the amount spent on children’s residential care increased by 66.2% in real terms nationally. There is currently no centrally coordinated data collection which describes the situation. Without this, efforts to address the lack of sufficiency will not be fully informed and cannot succeed. Working on our own individual authorities have very limited ability to influence and change the way the placement market operate, working with 17 other authorities will give the scale and volume to make significant changes.

The RCC offers a coordinated, data-driven approach to address these challenges and ensure sustainable, high-quality care for the region's children. The programme has the support of the Department for Education and, as a pathfinder, the South East has benefited from enhanced delivery partner support to accelerate our progress.

Corporate Policies and Priorities

13. Priorities of the Start Well Commissioning Team

- To increase number of children placed in county.
- Improve access to services to reduce inequalities.

14. Priorities of the Corporate Plan.

- *Priority 3 - Prioritise the health and wellbeing of residents.*
- *Priority 7 - Create opportunities for children and young people to reach their full potential.*
- *Priority 9 - Work with local businesses and partners for environmental, economic, and social benefits.*

15. To achieve the priorities set out above, the Council are carrying out the following activities:

Children’s Needs & Placements

- To achieve our strategic objectives for children to:

<p>Be Successful To ensure children have the best start in life; ensure they have access to high quality education, employment, and motivational training; go to school feeling inspired to stay and learn; and</p>	<p>Be Happy and Healthy Services are available to promote good health and prevent ill health; learn the importance of healthy, secure relationships and having a support network; have access to services to improve overall</p>
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have good self-esteem and faith in themselves.	wellbeing, and easy ways to get active.
<p>Be Safe</p> <p>Ensure children are protected from all types of abuse and neglect; have a place to feel safe and a sense of belonging; access education and support about how to stay safe; and have access to appropriate housing.</p>	<p>Be Supported</p> <p>Children are empowered to know who to speak to when they need support and know that they will be listened to and believed; can access information in a way that suits them; have inspiring role models; and can talk to staff who are experienced and caring.</p>

16. In addition to the corporate and Start Well priorities this proposal supports the objective of increasing the number of in-county placements in the Sufficiency Strategy.

Financial Implications

17. The proposal is that the RCC is funded by annual contributions from all 18 member Local Authorities. Funding will commence from April 2025. The initial funding period will be a three-year commitment based on a total annual budget of £2.5m by year 3. This will allow the RCC to establish itself and build benefits over time.

18. The organisation will be in 'start-up' mode for the first two to three years of operation. During this phase, it will explore other potential synergies and income generation strategies. An entrepreneurial spirit will be nurtured in the culture and ways of working to ensure that staff aren't limited by today's service design in the future.

19. The plan is for the RCC to become a permanent fixture in the South East, with annual reviews of progress during the first three years. The longer term sustainability will be entirely determined by the RCC's ability to deliver better outcomes and value for money for its local authority funders.

20. Local Authority contributions are based on using the **3-year average of their total number of looked after children.** This was deemed the best option for the following reasons:

- a) the RCC will improve outcomes and value for money for looked after children and young people and so Local Authorities with larger numbers of looked after children should realise bigger benefits. This specific population felt more relevant than the total child population;
- b) a 5 year average felt too long a timeframe, particularly considering the Covid-19 pandemic fell during that timeframe. Some Local Authorities may have seen a shift in the number of looked after children from 5 years ago and so the most recent data felt most relevant; and

c) removing the UASC population did not have a major impact on the suggested contributions.

21. Six contribution tiers have been identified ranging from a £50,000 contribution as a floor to a £300,000 contribution as a ceiling. Local Authorities have been allocated a tier based on their total number of looked after children as a proportion of the total number across the 18 Local Authorities. The tiers work as follows:

% of total Looked After Children	Contribution amount
Over 9%	£250,000
Over 6%	£200,000
Over 4.5%	£150,000
Over 2.5%	£100,000
Under 2.5%	£50,000

Based on this funding formula, Local Authority contributions would be as follows:

LA name	% total SE LAC	Tier	25/26 funding (50%)	26/27 funding (100)	27/28 funding (100%)	Three-year contribution
Kent County	19.68 %	1	£125,000	£250,000	£250,000	£625,000
Surrey	11.18 %	1	£125,000	£250,000	£250,000	£625,000
West Sussex	9.65%	1	£125,000	£250,000	£250,000	£625,000
Oxfordshire	9.21%	1	£125,000	£250,000	£250,000	£625,000
East Sussex	6.94%	2	£100,000	£200,000	£200,000	£500,000
Southampton City	5.84%	3	£75,000	£150,000	£150,000	£375,000
Buckinghamshire	5.51%	3	£75,000	£150,000	£150,000	£375,000
Medway	4.93%	3	£75,000	£150,000	£150,000	£375,000
Portsmouth City	4.22%	4	£50,000	£100,000	£100,000	£250,000
Milton Keynes	4.06%	4	£50,000	£100,000	£100,000	£250,000
Brighton and Hove	4.06%	4	£50,000	£100,000	£100,000	£250,000
Isle of Wight	3.03%	4	£50,000	£100,000	£100,000	£250,000
Reading	2.77%	4	£50,000	£100,000	£100,000	£250,000
Slough	2.59%	4	£50,000	£100,000	£100,000	£250,000
West Berkshire	1.86%	5	£25,000	£50,000	£50,000	£125,000
Bracknell Forest	1.61%	5	£25,000	£50,000	£50,000	£125,000
Windsor and Maidenhead	1.49%	5	£25,000	£50,000	£50,000	£125,000
Wokingham Borough	1.37%	5	£25,000	£50,000	£50,000	£125,000
Total			£1,225,000	£2,450,000	£2,450,000	£6,125,000

Comments checked by:

Legal Implications

The legal implications section should be completed by a member of the legal service

22. At present it isn't clear how the Regional Care Co-operative (RCC) would be established and run. It appears that it would be led by one of the local authority partners. Regulation 12 (7) of the Public Contracts Regulations 2015, set out below, permits for this partnering between local authorities without the need to procure.

12 (7) A contract concluded exclusively between two or more contracting authorities falls outside the scope of this Part where all of the following conditions are fulfilled:—

(a) the contract establishes or implements a co-operation between the participating contracting authorities with the aim of ensuring that public services they have to perform are provided with a view to achieving objectives they have in common;

(b) the implementation of that co-operation is governed solely by considerations relating to the public interest; and

(c) the participating contracting authorities perform on the open market less than 20% of the activities concerned by the co-operation.

23. It is likely that this would occur after the implementation of the Procurement Act 2023 (24th February 2025) and regulation 12 (7) above would then be dealt with under Paragraph 3 of Schedule 2 of the Procurement Act 2023, which is essentially the same, as set out below.

24. Horizontal arrangements

3(1) A contract between contracting authorities only that relates to a horizontal arrangement between those authorities.

(2) A "horizontal arrangement" means an arrangement—

(a) entered into—

(i) with the aim of achieving objectives the authorities have in common in connection with the exercise of their public functions;

(ii) solely in the public interest;

(b) in which no more than 20 per cent of the activities contemplated by the arrangement are intended to be carried out other than for the purposes of the authorities' public functions.

(3) An appropriate authority may by regulations make provision about how a calculation as to the percentage of activities carried out by a person is to be made for the purposes of sub-paragraph [\(2\)\(b\)](#).

(4)In this paragraph, references to a contracting authority do not include references to a public undertaking or a private utility.

25. There is some potential risk to the Council around the joint working arrangements or the partnering agreement in relation to the RCC which at present have not been fully formed and further legal support should be sought in relation to the drafting and negotiation of those documents in order to mitigate future risks to the Council in terms of the liability of the partners to this project (including procurement of the placements providers), any potential early termination clauses as well as associated financial consequences for exiting the project including potential TUPE costs. It is likely that those costs would be shared equally between the participating authorities, or proportionally based on their percentage of the costs of the project as set out in the table above.

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Equality & Inclusion Implications

26. This is a current service therefore there are no changes that will affect Equality and Inclusion

Risk Management

27. There is a risk that the RCC will not be able to deliver on the benefits listed in the proposal, contribution to the RCC will be reviewed annually and the DCS will be a member of the RCC Project Board.

LISA LYONS

Director of Children's Services

Annex: Nil

Background papers: Nil

Other Documents: Nil

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