

Summary Sheet

Name of Committee and Date of Committee Meeting

Cabinet and Commissioners' Decision Making Meeting – 6 August 2018

Report Title

Developing an Evidence-Based Programme to reunify Young People who are Looked After

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Mel Meggs, Acting Strategic Director of Children and Young People's Services

Report Author(s)

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Ward(s) Affected

Borough Wide

Summary

Rotherham's number of children and young people is higher per 10,000 of population than the national average and statistical neighbours and continues to rise.

Multi-Systemic Therapy – Family Integrated Transitions (MST-FIT) is a programme consisting of two intersecting phases; it is targeted towards children and young people between the ages of 11 and 15 and their families. The target cohort is adolescents who are currently in residential care and who, without focused intervention, are expected to remain there until they are 18. The first phase lasts for 12 weeks, the child is moved from an out of authority placement into a local residential home. The residential team use a model called the 'Integrated Treatment Model' (ITM) to support young people to manage their behaviour and learn new skills. Phase two involves the MST team in the community who support the child and family for up to 20 weeks as they learn to live together again. The two teams work closely together to ensure that there is a clear and supported pathway from the residential provision to a successful return home.

The potential return on investment is high as the offer presents a realistic alternative to adolescents remaining in the care system until they are 18 and to reducing the cost of expensive out of authority placements.

This paper outlines the service, the long term benefits and financing options.

Recommendations

1. That the implementation of the MST-FIT model as part of the LAC Sufficiency Strategy to reduce the number and cost of children in care be approved.
2. That approval be given to progress with plans to set up the MST-FIT service and that the most appropriate method of financing be delegated to the Strategic Director of Finance and Customer Services once the grant award from the Life Chances Fund is confirmed and reported back to Cabinet.

List of Appendices Included

Appendix 1 MST-FIT Financial Plan

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Developing an Evidence-Based Programme to reunify Young People who are Looked After

1. Recommendations

- 1.1 That the implementation of the MST-FIT model as part of the LAC Sufficiency Strategy to reduce the number and cost of children in care be approved.
- 1.2 That approval be given to progress with plans to set up the MST-FIT service and that the most appropriate method of financing be delegated to the Strategic Director of Finance and Customer Services once the grant award from the Life Chances Fund is confirmed and reported back to Cabinet.

2. Background

- 2.1 The Multi Systemic Therapy – Family Integrated Transitions (MST-FIT) service under consideration is an innovative approach to address sufficiency for looked after children. It seeks to make a positive case for a model of intervention where young people can learn to behave differently whilst their families learn and are supported to resume leading their care. The service will enable residential care to be used as an intermediate step on the journey to parents fully caring for their children.
- 2.2 MST-FIT is an adaptation of the MST Standard model. MST Standard is designed to prevent children from being placed in either care or custody. MST Standard has an international evidence base to demonstrate its effectiveness and has been successfully delivered in Rotherham and Barnsley through a shared service arrangement.
- 2.3 MST-FIT was developed to support the reintegration of children in care or custody back into the family home. The first phase of MST-FIT places the child in a residential care home for 12 weeks. The home runs a programme called the Integrated Treatment Model (ITM). ITM focuses on a range of behaviours with the young person, including increasing the young person's knowledge of their own behaviour, the driver for their behaviour and the behaviours and drivers of others.
- 2.4 Section 4 explores the three financing options in detail.
 - Option 1: a traditional funding approach from the Children and Young People's (CYPS) revenue budget;
 - Option 2: third party investment through a social impact bond which would be re-paid from the CYPS revenue budget and Life Chances Fund (LCF) if certain pre-agreed outcomes are achieved;
 - Option 3: a combination of options 1 and 2.
- 2.5 The Life Chances Fund (LCF) provides local authorities support to explore the opportunities provided by social impact bonds and outcome based commissioning. Rotherham CYPS have been awarded a grant in principle of £85k per annum for five years subject to a final project submission on 31st July 2018.

3. Key Issues

- 3.1 Stage one, the residential unit work, will see the young person transfer from their existing residential placement into a commissioned residential home in Rotherham for a period of twelve weeks. At the same time the MST community team (stage 2) work with the young person's family to help them change their parenting approaches and behaviours. When the young person's 12 week period in the home ends they return to live with their family. The family is then supported by the MST community team for a further 20 weeks. The second phase of the programme – MST standard – is not new to Rotherham. It is a service run in partnership with Barnsley Council which has successfully prevented children and young people entering care. The two phases of the intervention are closely aligned to ensure a smooth pathway from the residential provision into a successful return home.
- 3.2 If the work to reunite the young person with their family is unsuccessful an alternative long-term placement in fostering or back into a suitable residential placement will be found. The skills developed during the programme will support the young person to thrive and achieve better outcomes even if they are not able to return home.
- 3.3 Rotherham has 67 looked after children in out of authority residential care (June 2018). An initial scoping exercise has identified 24 children (out of 67) who would be candidates for MST-FIT reunification.
- 3.4 The maximum service capacity per year will be 12 children, based on a three bed residential provision and four cycles of ITM lasting twelve weeks.
- 3.5 The scheme is expected to run for an initial period of five years. In order to guarantee that the demand will be there for the full period of the project a scoping exercise has begun and has identified 24 children and young people from those currently in out of authority residential care who fit the programme criteria. The average number of new entrants into residential care per year, based on the trend of the last three years is 35. If the ratio of new entrants who would qualify for MST-FIT matches the proportion from the current residential population then there will be an additional 7 young people per year in scope. Existing and future children in care, including those in independent fostering placements, will guarantee over 100 children from which more detailed suitability can be determined.
- 3.6 In addition Barnsley Council has indicated that they would be interested in purchasing one place per ITM cycle i.e. 4 per year. This, and an evolving link with the Mockingbird model of foster care offering the chance to establish a step-down pathway from residential care to fostering, will further strengthen the number of children in scope each year.
- 3.7 MST-FIT is being used in two authorities in the UK (Leeds and Northamptonshire) where it is showing strong engagement rates and very positive changes in children's behaviour. Long-term reunification success from the programme is above two-thirds in both authorities.

- 3.8 The ambition for Rotherham MST-FIT will be to out-perform MST-FIT services in other authorities through the unique partnership model – with the commissioner (RMBC), investor and two providers working together and focused on delivering better outcomes for young people. The financial savings that will follow are significant and by the end of 2023/24 the annual expenditure on placements for looked after children will be £3.7m less than currently forecast for 2018/19.
- 3.9 MST-FIT has a number of direct benefits which are outlined above. There are significant secondary outcomes which include how it will:
- Enhance the skills, knowledge and understanding of social workers responsible for children in care
 - Enhance the skills, knowledge and understanding of the residential care staff who care for our children in care
 - Improve the quality of practice of staff across our children’s workforce in collaboration with the support offered through evidence-based programmes
 - Enable evaluation of whether or not care provision can be used proactively to ‘treat’ problem behaviour involving teenagers
 - Enable evaluation of whether or not it is possible to establish a practice model that changes our understanding about the potential of residential care when it is allied with community programmes
 - Present an alternative, costed model to commissioners that can provide confidence in likely outcomes.

4. Options considered and recommended proposal

- 4.1 This project will close a gap in provision for existing children in care by providing a focused treatment programme with the aim of placing children back in a family environment. It will complement the work of the Right Child Right Care Board – established to review and closely monitor the number of children being admitted to and discharged from care and the length of time in care – and the suite of services which form part of the Rotherham Edge of Care offer.
- 4.2 The total estimated cost of the MST-FIT service is £1.120m per annum, of which £570k is for the residential provision (stage 1) which would be funded from the existing out of authority residential placement budget. The balance of £550k for the MST community team and programme management would be funded from gross savings achieved in-year. The exact amount that the council would need to fund will depend on the financing option that is selected. Indicative net savings (i.e. after any new investment) are:
- 2019/20 – £0.324m
 - 2020/21 – £1.478m

- 2021/22 – £1.088m
- 2022/23 – £0.399m
- 2023/24 – £0.434m

4.3 The costs of the service and the estimated savings are subject to some sensitivity and will depend on a number of factors:

- The commissioned residential home – current assumptions are based on a three bed home, a four bed unit would cost more to commission but would offer an extra four places on the programme per year.
- The LCF grant may increase once final programme costs are submitted as part of the grant set up form.
- Once the detailed scoping exercise has been completed and a current cohort of potential entrants into the programme has been established a refined average annual cost of the existing care placement (and hence saving) will be available which might be more or less than the overall average cost of the 67 young people in residential placements as of June 2018.
- Further work will clarify the difference in years 4 and 5 between genuine cost reduction and maintaining cost avoidance and savings achieved in previous years.

Option 1: Realign the CYPS social care budget and provide additional investment to fund MST-FIT in full

4.4 The residential provision will be a 3 or 4 bed home (3 beds assumed for modelling purposes in Appendix 1). Three young people in out of authority residential placements will be transferred into the new commissioned home every twelve weeks. The budget for their residential costs will transfer with them (3 x £175,000). The budget will follow the young person, if they successfully graduate through the scheme and return to the family home the balance of the budget will contribute towards Children’s Services savings. If the young person still requires a fostering placement funded by the local authority, the budget from their original placement will fund a new one before contributing to savings.

4.5 If the programme delivers the outcomes that are expected in the first full year of operation estimated savings will cover the cost of the new MST team. Service implementation will be from January 2019 and as a result there will only be a part year effect in 2018/19. Set up costs will contribute to a one-off deficit position in 2018/19.

Option 2: Delivery via an outcome based contract in partnership with a social investor (using a Social Impact Bond) and with funding support from the Life Chances Fund

- 4.6 Using this method of delivery the council as commissioner would still contract directly with chosen provider(s). However the initial costs of the service would be funded by a social investor who would loan upfront funding in order to deliver the service. The council would pay the investor back in instalments over the life of the scheme based on the programme achieving agreed outcomes.
- 4.7 The net financial benefit of option 2 would be marginally better than option 1 but the method of financing the service and the commissioning process, contract monitoring and evaluation would have to differ from a more traditional approach.
- 4.8 The significant difference in using the Social Impact Bond method of upfront funding is that the risk of failure would sit with the social investor rather than the council. The council would pay nothing for outcomes that did not meet pre-agreed targets.
- 4.9 However if pre-agreed targets are met the likelihood is that the council would pay the provider an inflated fee to cover the return on investment (ROI) expected by the social investor (ROI could be anything from 0% to 10% [5% is used in the modelling]).
- 4.10 In order to encourage commissioners to approach investments using innovative solutions the Life Chances Fund was created to award grants to commissioners who commit to funding projects through a Social Impact Bond. The grant has been designed to contribute towards the outcome payments. Any return on investment for social investors will be funded from the LCF rather than the council.
- 4.11 Financing the scheme using a Social Impact Bond has additional advantages. It allows Rotherham to try out innovative models of practice without exposing the Local Authority to undue risk. Social Impact Bonds may become a necessary component of funding in the future. In addition to the upfront financial investment there is significant expertise made available to the Local Authority that will enable learning and development of outcome based commissioning and robust performance management based on a delivery model with partnership and shared outcomes at its core.
- 4.12 The National Implementation Service, who hold the UK license for MST, also have expertise in developing services using social impact bonds. They are supportive of this approach and will share their knowledge to ensure the successful delivery of Rotherham's programme.

Option 3: A combination of option 1 and option 2

- 4.13 Option 3 has been explored due to the clear distinction between the two elements of the MST-FIT service – the residential home and the MST community team – and how they might best be established and funded. Option 3 could see the residential provision funded through social investment in the first instance (and dependent on meeting pre-agreed outcomes reimbursed by the Council as outlined in paragraph 4.6). An in-house MST team could be funded upfront by the Council but still subject to outcome based performance management.
- 4.14 The commissioned residential provider does lend itself to the Social Impact Bond and outcome based contracting model.
- 4.15 However for the MST community team the process of commissioning a provider might be more difficult given the requirement to obtain an MST licence in order to operate. It might be beneficial to build on the existing MST standard shared service with Barnsley Council who already have the MST licence and there might follow opportunities to make efficiencies across both services.

Option 4: Not to progress with the proposed service

- 4.16 Cease to further develop the MST-FIT service provision and withdraw from the Life Chances Fund.

5. Consultation

- 5.1 The approach being taken to explore funding options has been developed in collaboration with colleagues from Barnsley Council with whom RMBC co-delivers MST Standard. There has been initial engagement with the VCS – meetings with Voluntary Action Rotherham (VAR) and presentation to the VCS Children and Young People's Consortium. The MST National Implementation Lead has contributed to all discussions so far and is supportive of developing the MST-FIT model in Rotherham
- 5.2 A market warming event took place on 21st March 2018. Seven potential providers expressed interest in the event and four potential providers attended an in-depth presentation delivered by MST Services and MST-FIT consultant from the University of Washington and RMBC.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The final project proposal to the Big Lottery Fund, who administer the Life Chances Fund Grant, was submitted on 15th June 2018. A decision regarding the Life Chances Fund Grant award will be made in early August.
- 6.2 It is expected that the service will commence in January 2019.

7. Financial and Procurement Implications

- 7.1 The financial implications of are outlined in section 4 of this report, in Appendix 1 and summarised below.
- 7.2 The timing of actual cash payments will differ depending on the chosen financing option:

Option 1 – a traditional fee for service contract will see payments made at pre-agreed (quarterly) points throughout the financial year.

Option 2 – payments based on outcomes will occur after delivery of the service and be based on achieving pre-agreed outcomes which will be measured and tested throughout the two years following “reunification”.

From an accounting perspective the treatment and recognition of planned payments will be the same for either option. They will be recorded at the point of delivery and recognised for option 2 by creating a provision for costs incurred, payment will only occur after assurance that outcomes have been achieved. Any accounting adjustments, favourable or adverse, will be made once outcomes are known for each child.

- 7.3 The scheme will deliver significant savings to the LAC Placement Budget from the first full year of operation in 2019/20. However in 2018/19 due to one-off set up costs and an expected time lag before savings are realised there will be a requirement for one-off funding of £215k.
- 7.4 The funding required for costs in 2018/19 will not adversely affect the existing forecast of expenditure for CYPS. It will be funded through the over achievement of cost efficiencies estimated for 2018/19 through market management of placement costs. The cost reduction from moving young people who at 1st April 2018 were in residential placements into semi-independent accommodation will over achieve the previously estimated £800k saving by £252k.
- 7.5 The investment / saving profile is as follows:

Year	In-Year Investment / (Saving) in £	Cumulative Saving (in £) from 2019/20
2018/19	214,875	
2019/20	(323,750)	(323,750)
2020/21	(1,477,500)	(1,801,250)
2021/22	(1,087,500)	(2,888,750)
2022/23	(398,750)	(3,287,500)
2023/24	(433,750)	(3,721,250)

- 7.6 The proposal to continue the delivery of the MST community team as a shared service through Barnsley Council is not subject to the application of the Public Contracts Regulations 2015.

- 7.7 However, a procurement procedure will need to be undertaken to appoint the Provider(s) to deliver the ITM. It is recommended that continued early engagement with Procurement is maintained to ensure that the Contract entered into accurately reflects the financing option agreed.
- 7.8 It should be noted that if a Social Impact bond is pursued, the appointment of the Social Investor will be exempt from the Public Contracts Regulations 2015 as defined in Regulation 10(f).

8. Legal Implications

- 8.1 There are no direct legal implications arising from the principle of this proposal, in relation to the care and services provided to children and young people and their families.
- 8.2 Further legal advice will be needed in relation to the terms of any proposed grant funding or social impact bond, subject to the funding stream which is chosen.

9. Human Resources Implications

- 9.1 Not applicable at this stage

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 The provision of this service reduces the risk of family breakdown and the associated negative outcomes for family members including parents and siblings. The level of support that is proposed through this intervention will reduce the likelihood that young people who enter the care system continue to be vulnerable in adulthood.

11 Equalities and Human Rights Implications

- 11.1 If the proposal outlined in this report progresses to operational implementation there will need to be an equalities assessment. This will be aligned with the equalities assessment of the wider Edge of Care offer.

12. Implications for Partners and Other Directorates

- 12.1 At this stage there are no implications of this proposal to partners and other directorates. If the decision is to progress through the LCF approach, there may be learning about the Social Impact Bond process that can be shared across RMBC and with partners.
- 12.2 If the proposal outlined in this report progresses to operational implementation there is likely to be a positive impact for partners and other directorates as the intensive intervention with families will reduce the demand often associated with Looked After Children and their families, including missing episodes, poor engagement in education and anti-social behaviour.

13. Risks and Mitigation

- 13.1 The relative financial risks are captured in the options appraisal above.
- 13.2 There is a risk that the outcomes built into an outcomes based contract are not SMART and robust in terms of achieving an ongoing cost reduction for the Council and not additional costs on top of existing commitments.
- 13.3 The service risk is that, without additional strategies to reduce the number of young people who remain in care on a long-term basis, there will be increasing pressure on current LAC sufficiency arrangements

14. Accountable Officer(s) and Approvals

Mark Chambers, Assistant Director – Commissioning Performance & Quality
Jenny Lingrell – Head of Service – Transformation Lead Early Help

Approvals obtained on behalf of:-

	Named Officer	Date
Strategic Director of Finance & Customer Services	Graham Saxton	13.07.2018
Assistant Director of Legal Services	Stuart Fletcher	21.06.2018
Head of Procurement	Karen Middlebrook	07.06.2018
Assistant Director of Human Resources	Amy Leech	13.07.2018

Appendix 1: MST-FIT Financial Plan

Baseline Expenditure = £22.975m

Year 5 Forecast of Expenditure = £19.254m

Estimated cost reduction = £3.721m

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£	£
Revenue Expenditure						
Residential (ITM)	142,500	570,000	570,000	570,000	570,000	427,500
MST-FIT Service	100,000	400,000	400,000	400,000	400,000	300,000
Other programme costs	37,500	150,000	150,000	150,000	150,000	150,000
Set up cost	66,125	0	0	0	0	0
RMBC Gross Cost	346,125	1,120,000	1,120,000	1,120,000	1,120,000	877,500
Life Chances Fund Contribution to Outcomes (TBC) *						
RMBC Net Cost	346,125	1,120,000	1,120,000	1,120,000	1,120,000	877,500

RMBC Budget Impact						
Out of Authority Placement - Original 2018/19 Forecast	5,743,750	22,975,000	22,975,000	22,975,000	22,975,000	22,975,000
OOA Revised Forecast	5,612,500	21,531,250	20,053,750	18,966,250	18,567,500	18,376,250
MST-FIT (Commissioned Residential)	178,125	570,000	570,000	570,000	570,000	427,500
MST-FIT (MST Community Team)	125,000	400,000	400,000	400,000	400,000	300,000
MST-FIT (Other costs)	43,000	150,000	150,000	150,000	150,000	150,000
MST-FIT (Income/Contributions) TBC	0	0	0	0	0	0
Combined Budget OOA and MST-FIT	5,958,625	22,651,250	21,173,750	20,086,250	19,687,500	19,253,750
In-Year Investment / (Saving)	214,875	(323,750)	(1,477,500)	(1,087,500)	(398,750)	(433,750)
Cumulative Saving		(323,750)	(1,801,250)	(2,888,750)	(3,287,500)	(3,721,250)

*Any LCF grant award will reduce the Net Cost of the Service and increase the net saving to the Council.