

CMA Children's Social Care Market Study-Interim Report

Response from Swansea City and County Council (Wales) relating to Children's Homes

Q1

We are broadly in agreement with your analysis of market outcomes in Sec 3 and the premise at 3.1 that outlines and defines our approach.

The choice of your 4-key outcomes capture the essence of where we need to be, to be able to satisfy the personal requirements of our children in care.

In terms of supply it must mirror local demand and local construct, with supply always slightly ahead of a demand that is fluid and unpredictable, allowing for change and choice within the market. Providers are well used to mothballing spare capacity, bringing it online adjusting to demand

These placements must at all times be appropriate for the end-user (our children), and taking account of the needs of the child and variables that affect their lives (family, friends school etc). Time must be taken here to ensure that there is a "good fit" for the child using Placement Planning Meetings, scaling match templates and professional local Intel (Social Workers and YPA) who are familiar with the placement. Providers need to be made aware of this prior to planning a presence in Swansea and not set up at any location expecting to be chosen as a placement host.

As far Quality is concerned, possibly a local "Kitemark" system where properties are routinely inspected across a raft of indicators to ensure safety and compliance and awarded accordingly. This would mean that other LA wanting to place in Swansea could be directed to these properties and could be assured of the high quality that we should demand for our children. A Preferred Provider status is a way of driving quality and innovation amongst the Provider pool and the benefits that it brings

On prices, I perceive no cogent "competition" in Swansea to promote Providers to even up the market by increasing capacity. It is also subject to the rules of a Framework System that regularises prices, which stymies competition. There is much profit to be made within the system as it stands, so once again promoting a virtual standstill on increasing capacity, reducing the risk to the Provider of course.

The insurgence of a PE presence brings other elements into play. Your aggregate prices suggest that as far as children's homes area concerned, aggregate prices were only 3.9% higher and in fact quality is marginally higher 81% to 80%. It is the subtle difference of why PE invests in children homes, which is the most important and the movement from Stakeholder to Shareholder, where marginal returns, or small deficits on investment, can cause catastrophic re-alignment of the market, as they race to satisfy shareholder value, as capital is moved to the next venture and he market contracts, usually quickly as the news gets round. Can you imagine for a minute, if that happens and where do our children go? I would very much welcome

the results of the further work that you are doing on the PE modelling of caring for children where the short-term, profit driven approach of PE, takes away stability that is need by children in care

The backdrop to all this of course is the Eliminate Programme, from the Welsh Government that seeks to eliminate profit from Childrens social care. This would completely change the landscape in Wales. It is currently in a consultation phase. I believe a similar model of Eliminate exists in consultative form in Scotland.

Points 3.73 to 3.76 are well-made but would agree that point 3.74 needs clarity, perhaps a larger sampling group?

Q2

We are broadly in agreement with your emerging conclusions on potential drivers of market outcomes.

You are very right that in a market where there are issues of lack of capacity and differing quality, LA that have low demands on the Market, have little or no leverage to effect a discounting position, whereas in an "In Abundantia" surplus Market, providers will need improve quality, improve efficiencies and reduce prices to attract buyers and most of all to cover a full range of services.

Forecasting demand in Childrens Services is difficult due to the capricious and complex natures of many of our children, many who have multiple placements after placement breakdowns, many of which are counted in days or weeks and not the months and years of a long term strategy, and this is reflected in your view that there is a lack of accurate forecasting by LA due to lack of resources and of course challenging and reducing budgets.

In order to shape the Market, you must in some way be able to adapt it and "bend it to your will", which requires a sizeable Market share, which we already accept that many LA do not have?

Committing to a "block booking" deal, or "upfront fee" again means having a long term and regular uptake of these measures However, we are driven by the requirements of our children which constructs a volatile and fluid demand, which really cannot be predicted.

The Regulatory rectitude is enshrined in all LA to a greater or lesser degree. The need for regulation in certain areas of Council, is a "de rigeur" position, Childrens Services being one of them, as it serves to safeguard and support the children in our County, whether in Care or not

These regulations are in the main handed own through national Government, which even in the 21st century, are archaic, unwieldy and subject to much change and interpretation which means that being on the operational a very slow process.

Your point regarding that regulation discourages the provision of complex care, is quite right. Owing to the levels of Care that are needed , the specialised environments, Health interventions and specialist staff required for example

increases the regulatory 'load' on any provider and of course set-up costs, makes it an arduous and costly project and a long-term investment.

I would not think, from experience, that finding suitable premises for children's homes is a problem for Providers as many of them are Landlords/Developers, eager to turn previously rented accommodation into children's homes, where the investment/return ratio is far more favourable. Regulation, by way of planning and registration, does slow down the process.

Brexit and COVID have massively reduced the amount of prospective new staff for children's homes. Many existing staff, having worked through COVID, understaffed and poorly paid, are also leaving the profession, leaving a substantial void, evidenced by local Agencies not being in a position to provide staff.

Q3

It is obvious from your high-level, Blue Sky approach that has created a set of options to alleviate some of the issues around engaging with placement, that this element figured highly in your initial scoping of LA.

We already have a Pan-Wales Framework orchestrated by RCT (Rhondda Cynon Taf) Council, that all Councils are members of, supporting the Framework Mechanism by apportioned funding to pay officers, provide an environment, to develop policies, provide infrastructure and support in using the Framework system that operates by a referral/tender process

LA put up referrals of children needing placements to the system, and Providers, who register to the Framework, can bid by tender to provide care and accommodation for these children residentially. The Framework also deals with Foster Care placements, providing a Step-Down transition to a Foster home.

It is true to say that all providers are not registered to the 4C's Framework, so locally there is a list of providers available locally/regionally/nationally and cross-border, that extends the throw of the market to England and Scotland, where Providers can provide services for us, some of which may not be available in Wales.

There is no framework mechanism for this and a bespoke spot-purchase will be made via a contract.

As far as Block purchasing goes, I would suggest caution at this point.

If you are going to have every placement across Wales block purchased, how do you allocate across the country?

You have already mentioned the mantra regarding "right placement, right place, right price"; how does this sit with block purchasing?

For example, could Swansea CC only block purchase in Swansea, as this would limit the amount of right place, right type, right price placements.? Would we be able to trade placements with other LA? What happens to less popular and less populous areas who may not have any right place, right type, and right price placements?

Every LA would require exactly the right amount of the right type, right location in order to work underpinned by exhaustive market projections on future.

In a capricious and fluid market, a good average is about all that can be achieved which leaves us in a position where we have a surplus, which costs us, that we do not use, or a deficit and all the problems that it brings

This could create a logistical nightmare and promote disparity and lack of choice.

Going back to comments made in Sec 4.4, reference is made to the scarcity of particular types of placement and the competition that it brings between LA, who are all on a Pan Wales Framework Mechanism as noted previously.

The competition between LA is caused quite simply by under supply by Providers allowing them to keep prices up in these instances, particularly in the high value niche placements.

Your comments regarding “the market is led by the Providers and there is little competition and little incentive to negotiate the initial price” brings a Cartel approach into mind, where global rates are set and Providers(sellers) operate within prescribed limits, guaranteeing consistently advantageous rates to Providers at the cost of LA, who are historically risk-averse, not challenging the market status quo, as they are charged with legal and regulatory duties to perform in the care and accommodation of children.

With any internal capacity used up the market is the only place to go to obtain the commodities that they require. Providers recognise this and act accordingly.

Q4

As previously mentioned, the move towards realignment and ‘regulating’ the Market is the **4C’s Framework Mechanism**, which is Wales wide, and interfaces both LA and Providers using a referral/tender system to source placements for both Foster care and Residential care.

LA still spot-purchase outside of the Framework however this is usually for bespoke care that is not covered by the Framework and in terms of volume is insignificant.

Q5

The 4C’s Portal is something of a “double-edged sword”. Conceptually it is a very good piece of work, however its nature, that of a data and technology hungry programme, driving for results, not outcomes, is slightly out of step with the ethos of residential placements

Compliance and conformity are its strong points, but it lacks a very subtle nuance in terms of what is a very personal process, based on right place, right type, and right price.

Not all Providers in Wales are registered with 4C’s which may skew capacity/demand information to some extent.

Q6

Many Markets are volatile and fluid, the Market for Placements for Children in Care could be considered as a good example of this.

As an LA, we are the Corporate Parents of the children in our care and we aim to discharge his responsibility in full. However, we are bound by statute, legislation and for some time now budget cuts, challenging the provision of our service and a Market that has 'cold feet' on supply side and burgeoning demand...a perfect storm!

It is our responsibility to secure good quality, well supported and resourced residential settings, in appropriate locations and at reasonable prices.

Our children, due to their backgrounds, like stable environments and continuity, so anything that disturbs this balance would have a consequential effect on our children.

Firstly, the Eliminate Programme, currently in consultation with the Welsh Government seeks to "Take the profit out of caring for children" Whilst this maybe an admirable goal, it would cause a mass exodus of Providers for whom profit is an imperative, causing a catastrophic market failure, and at the same time, putting our children at risk. Any action taken by the WG was not intended to cause this unwelcome exit b providers, but I feel sure that much profit derived capital from Care Homes in Wales, would provide another opportunity to invest and secure future profits.

Those private Providers that may be carrying debt that they cannot service, is another very good reason that may see the exit of some providers . This debt was never intended but will have consequences on our children.

The drive by Council to stimulate the Market, which currently has a supply deficit across the board, but particularly the high-end complex needs placements that the Market does not respond to is worrying. However, there is no noticeable competitive drive from providers that would increase choice, quality and making for healthy and stable market conditions.

Once again, the market has found a lucrative level of profit for the moment, but a Market that does not develop and give people what they need, will inevitably fail, with an unwanted consequence to our children.

There are many ways that unintended consequences can manifest themselves but at the root of it is an internal (Council) placement that is small and targeted on less complex cases and an intransient Market, content with profitable 'low hanging fruit' and ignoring complex placements.

Providers should shoulder their supply side deficit responsibly before it will call for drastic measures to balance their side of the market

It is impossible to rule out Direct Intervention, with LA taking a view that the market is not working and so dismantle it and become the Prime Provider

Caps on Provider fees may be another way of exhibiting control over the existing market, with a potential for Providers to leave for more profitable ventures.

Nominating a NFP (Voluntary and Community Organisation) to take the lead on the provision of residential placements, or the possibility of a 'corroborative partnership' between NFP and Council