



CABINET

7 May 2025

Subject Heading:

Joining London Borough of Newham Pseudo-Dynamic Purchasing System for Children's Care Placements

Cabinet Member:

Councillor Oscar Ford, Lead Member for Children's Services

SLT Lead:

Tara Geere, Director of Starting Well

Report Author and contact details:

Simon Brown, Strategic Commissioner
Havering Integrated Team at Place

Policy context:

Havering Corporate Parenting Strategy

Financial summary:

Is this a Key Decision?

This is a Key Decision because:

- (a) Expenditure or saving (including anticipated income) of £500,000 or more
- (b) Significant effect on two or more Wards

When should this matter be reviewed?

4-years

Reviewing OSC:

People

The subject matter of this report deals with the following Council Objectives

People - Supporting our residents to stay safe and well X
Place - A great place to live, work and enjoy
Resources - Enabling a resident-focused and resilient Council

SUMMARY

The decision request is to allow Havering to access Newham Borough Council's Pseudo Dynamic Purchasing System (PDPS) for Children's Care Placements enabling the Council to meet its Statutory Sufficiency Duty requirement set out in Section 22G of the Children's Act 1989.

The Council is required to provide our children in care with accommodation that

- Is within the authority's area; and
- Meets the needs of those children.

Having access to the PDPS will provide the All-Age Brokerage Team (placements) with high access to quality care from providers who have been approved through a competitive tendering process.

The PDPS also enables the Council to manage its budgets better through contractual clauses linked to fee negotiations, uplifts and notice periods.

RECOMMENDATIONS

Cabinet is recommended to approve joining Newham's Pseudo Dynamic Purchasing System for Children's Care Placements.

REPORT DETAIL

Havering's Priorities

The Corporate Parenting Strategy has identified the following five priorities for Havering's children in care for 2025/26:

- Listening to and understanding children and young people
- Keeping children and young people safe
- Providing caring homes for all
- Setting high aspirations for the education of children and young people, and offering them a range of opportunities
- Ensuring children and young people have excellent health outcomes

Key Actions

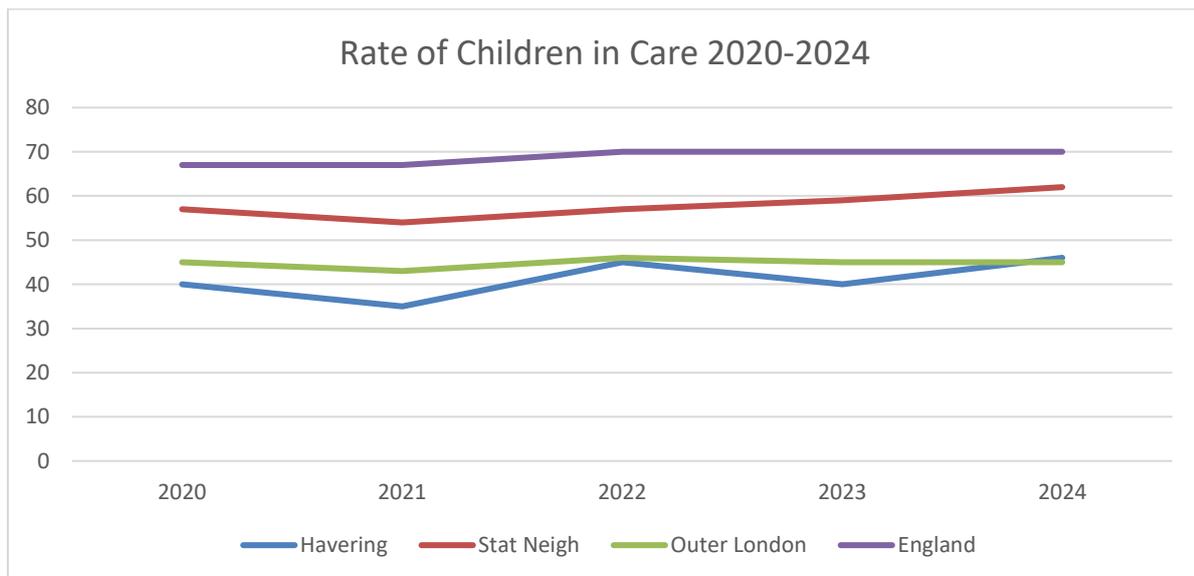
As corporate parents, we will:

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- Achieve family permanency for children quickly.
- Increase in-borough care placements by:
 - Approving more foster carers;
 - Developing relationships with providers;
 - Creating new children's homes;
 - Expanding after-care accommodation pathways like Staying Put and Staying Close.
- Provide well-trained foster parents by:
 - Offering robust recruitment and training for staff and carers;
 - Embedding specialist emotional wellbeing support based on trauma-informed practice;
 - Ensuring continuous professional development through enhanced supervision;
 - Contracting care providers aligned with Havering's aspirations.
- Support children with special needs by:
 - Providing sufficient short breaks;
 - Ensuring carers understand and support children's additional needs.
- Help children in care reach educational potential by:
 - Enabling the Virtual School to engage with care providers to promote school attendance.

Demand

Since March 2020, Havering's population of children in care has risen from 232 to 284 in March 2024. During the same period the population of all children in Havering has risen by 6%. The graph below shows a comparison between Havering, Statistical Neighbours, Outer London Boroughs and England.



It is estimated that between January 2025 and March 2028, the population of children in care will rise to 298. This is based upon an annual linear growth in the population of children of 1.4% and a fixed rate of 46 children per 10,000 being in care.

Ability to Meet Demand in Havering

As we are required under the Sufficiency Duty to provide accommodation within the borough it is important to know the capacity of the care market.

The market is comprised of the Council, private and voluntary providers.

The Council only provides a fostering service, so all children's home care and supported accommodation for 16- and 17-year-olds is provided by the private and voluntary sector.

The table below shows the maximum capacity of care within Havering against the Council use on 31st March 2024.

Care Type	Capacity	Use
Havering Foster Carer	125	80
Independent Foster Carer	49	16
Children's Homes	55	4
Total	229	100

It must be noted that although Havering's fostering capacity is officially homes for 125 children, the nature of fostering approvals is dependent upon several factors such as age, gender or sibling groups, so in reality it is lower than 125. When benchmarking Havering against all Outer London councils Havering's utilisation of internal fostering capacity is the third highest, at 64%. The median for all Outer London councils is 57%.

The rise in children in care during 2023/24 has impacted upon where they live. The current proportion of Havering children living within the Borough is lower than the Council would prefer.

	2020	2021	2022	2023	2024
Children living with Havering based Carers	116	102	131	123	122
Total In Care	232	206	264	239	280
Proportion living with Havering based carers	50%	49.5%	49.6%	51.5%	44%

Havering's fostering service has introduced the Mocking Bird support system and formed its first constellation of families. This will be monitored for effectiveness in supporting fostering families.

In 2024, Havering's fostering service received only 103 inquiries, a figure that needs to rise. Havering has joined the regional fostering recruitment hub to improve advertising and foster awareness across the region. We will assess this hub's effectiveness in increasing fostering inquiries.

Children with disabilities lack access to local residential short breaks, forcing families to seek services in Essex or Kent. While some opt for this, others receive support at home.

The Council has approved the construction of a new facility dedicated to providing short residential breaks for children. This initiative will offer up to 1,460 nights of respite care annually. Consequently, the Council may be able to implement a planned programme of short breaks for between 19 and 30 children each year. This service aims to alleviate the pressures faced by families and prevent children from entering permanent care.

Children with complex social and emotional needs may require temporary residence in a children's home to prepare for reintegration into family life or transition to independence. The Council has jointly commissioned a provider to deliver a local children's home service, currently accommodating 20 children. These homes are all located in the North East London region, with Havering utilising 25% of the capacity.

The service cannot support children with complex needs, such as those discharged from psychiatric hospitals, requiring multi-agency/professional help. The Council has submitted a bid to seek DFE capital funding to create two new local children's homes.

The Strategy recommends these actions for delivering the Sufficiency Requirement:

- Train Social Workers, IROs, and Foster Carers in trauma-informed care to better address children's needs.
- Recruit foster carers from backgrounds like those of children needing care.
- Develop partnerships with local agencies and providers to prioritize Havering children and keep funds within Havering.
- Amend the Permanency Planning Process to facilitate children finding long-term parents outside of formal social care.
- Manage the Fostering Hub's recruitment performance.
- Assess the effectiveness of the first Mocking Bird constellation.
- Apply to DFE to create a Havering-based children's home service for children with disabilities and emotional needs.
- Develop regional care options through the NEL Commissioning Partnership.
- Collaborate with Live Well colleagues to develop supported accommodation for care leavers over 18.

Joining the Newham PDPS will help Havering deliver action points 3 and 8, ensuring local care for children, improving provider relationships, and accessing better value care with neighbouring London Boroughs.

REASONS AND OPTIONS

Reasons for the decision:

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The Newham PDPS has replaced the London Councils' contract for independent fostering agencies and children's homes, effective since March 2023. It lists approved providers rated Good or Outstanding by OFSTED.

The PDPS outlines service specifications for fostering and children's home care based on the needs of children in care, establishing minimum requirements for providers.

Havering now utilises provider terms and conditions for spot purchasing care, which introduces a risk as these contracts typically safeguard the provider rather than the Council, particularly concerning fee uplifts and termination clauses. Additionally, spot purchasing means that the Council can incur a higher rate of fees per placement.

The PDPS limits annual fee uplift rates and includes mechanisms to assess any increases, helping the Council manage its resources more effectively.

The PDPS is operational until 31st March 2026, but can be extended to 31st March 2030. The cost for Havering to be included in the contract is £6,300 per year for IFAs and Children's Home) a total of £31,500 to March 2030.

It is estimated that the annual purchasing through the PDPS in the initial years will be £3m per year, based upon analysis of new placements made during 2024/25.

Other options considered:

An options appraisal was conducted, and full details are available in (*Appendix A: Havering Options Analysis for Commissioning of Havering Children's Placement*).

Options which were considered and rejected included doing nothing, which would lead to the Council purchasing greater amounts of care without a proper procurement approach, which would leave the Council at risk.

The option to create a Havering-only DPS was initially rejected because providers prefer frameworks that cover multiple boroughs to maximize business opportunities. This option may be reconsidered at the end of this NDPD contract period and will require an Executive Decision if pursued further.

Joining the Commissioning Alliance placement framework was rejected for three reasons:

- Providers are national, not specific to NE London.
- No guarantee of available homes.
- Annual subscription cost outweighs financial benefits.

IMPLICATIONS AND RISKS

Financial implications and risks

The budget for homes and placements for Children in Care will be £22m in 25-26 which takes up 27% of the Starting Well general funds budget. The costs have risen sharply in the last few years increasing threefold since 2020. Residential placements now cost an average of £7,500 per week, with some exceeding £10,000, partly due to increasing complexity of needs and rising provision costs but the level of increase indicates that the market is not working well for purchasers and commissioners.

Finding ways to manage this financial pressure whilst still ensuring good outcome for children is an essential part of supporting the Council's financial sustainability. The relatively small cost of inclusion in the framework will be met from existing budgets.

Legal implications and risks:

This report seeks authorisation to access the Newham PDPS to call off providers for the provision of care services as and when required.

As set out in the body of this report, the Council has a statutory duty under Section 22G of the Children's Act 1989 (as amended) to secure sufficient accommodation for looked after children. The recommendations in this report are in keeping with this duty.

The Newham PDPS was procured in accordance with the Public Contracts Regulations 2015. Any subsequent call offs from an active, fit for purpose Dynamic Purchasing System under Regulation 34 will be a permissible route to procurement. When utilising the Newham PDPS, Officers must follow the express provisions of the PDPS call-off procedure.

The Council shall have the option but no obligation to utilise the Newham PDPS. Therefore, there is no guaranteed value or volume of work. Each call-off will be subject to separate governance in accordance with the Council's scheme of delegation.

Human Resources implications and risks:

The recommendations in this report do not appear give rise to any negative impact for the Council or its workforce. All relevant staff will receive additional training that will enable them to support the successful delivery of the strategy. All necessary audits will be undertaken within existing staff resources.

Equalities implications and risks:

The Newham PDPS contract was tendered based on the needs of children from various ethnic and religious backgrounds, genders, ages, and disabilities. It outlines strategies to sustain children within family environments and to support those families in preventing relational breakdowns.

None of the recommendations adversely affect any resident's protected characteristics.

Health and Wellbeing implications and Risks

The Council must ensure children in care have the best start, are healthy and happy, and reach their full potential.

Implementing the sufficiency strategy to keep Havering children in care within the borough where possible and reduce placement time will mitigate the physical, emotional, and social impacts of out-of-borough moves and placement disruptions.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

BACKGROUND PAPERS

APPENDIX A:

Draft Options Analysis for Commissioning of Havering Children’s Placements

The purpose of this document is to present a thorough analysis of the various options available for the commissioning of Havering Children’s Placements. This analysis aims to identify the most effective and efficient approach to managing placements, considering both the advantages and disadvantages associated with each option. By carefully evaluating these options, we seek to ensure that the needs of the children in Havering are met in the most sustainable and cost-effective manner.

Overview of Options

Option	Advantages	Disadvantages
Do Nothing (continue spot purchasing)	Avoids additional costs in terms of procurement and commissioning resources. These are opportunity costs of time rather than spend.	Not meeting legal and regulatory requirements and best practices. High-cost placements contributing adversely to LA financial position. Risk of quality and oversight of provision. Lack of local providers in

		the current spot purchasing system. Poor relationship with the provider market.
Developing a Havering specific DPS.	<p>Customisation - ability to tailor to our needs.</p> <p>Efficiency - streamlined processes reducing lead times and administrative burdens.</p> <p>Control - greater control over specification, selection criteria, quality standards, and pricing mechanisms.</p> <p>Flexibility - ability to adapt and modify the DPS as needed without external constraints</p>	<p>There is cost involved of resource within procurement, legal. Have been unable to quantify this due to not having costs detail for engaging business partners.</p> <p>Resource intensive - requires upfront and ongoing time, and resources to develop and maintain.</p> <p>Market engagement - challenge to attract enough providers due to limited market opportunity. Providers may not want to join, this is a risk?</p> <p>Higher initial set-up and ongoing operational costs compared to joining an existing DPS.</p>
Joining a local (Newham) DPS	<p>Quicker Route to Market: Provides a faster route to market for future opportunities.</p> <p>Established system, reduces setup time and costs.</p> <p>Economies of scale - potential cost savings through bulk purchasing.</p> <p>Access to providers - immediate access to a wide range of pre-approved providers.</p>	<p>Cost of Joining PDPS</p> <ul style="list-style-type: none"> • The administration fee to access the PDPS is: • £3,150 for Lot 2 (children's homes) • £3,150 for Lot 1 (fostering agencies) <p>Total cost: £6,300 payable per annum (or pro rata)</p> <p>Less control - limited ability to influence selection criteria and quality standards.</p>

	<p>Previous Cabinet approval and legal sign-off (to be confirmed if still valid, and to get email evidence that legal have signed off the PDPS contract.</p> <p>Stronger Relationships: Improved relationships with providers, promoting collaboration and capacity building.</p> <p>Attractive to local providers due to openness to other LAs.</p> <p>Provides sufficient time to test the DPS and plan future options.</p> <p>Pre-qualified Providers: Allows the Council to pre-qualify providers and work with quality providers that meet the required standards.</p> <p>Training Opportunities: Priority access to training and discounts on accredited training for providers.</p>	<p>Dependency - reliant on Newham's management and operational efficiency.</p> <p>Standardisation - may not meet specific local needs.</p> <p>Competition - increased competition with other LAs for placements.</p>
<p>Using a Children Commissioning Alliance Framework</p>	<p>National standards - access to providers meeting high national standards of accreditation and quality.</p> <p>Broad network - extensive range of providers across the country.</p> <p>Benchmarking - ability to benchmark against</p>	<p>The annual cost of joining the Commissioning Alliance Framework 90k</p> <p>Generic approach - may not address specific local needs effectively.</p> <p>Competition - increased competition with other LAs for placements.</p>

	national performance metrics and best practices	The placement providers on this framework are national, not local, therefore it does not help us in maximising local care provision.
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Based on the options analysis, it is recommended that Havering Council joins the Newham DPS, given some of the significant benefits outlined in the analysis, in particular the Newham DPS enables us to be procurement safe, and progress promptly with market engagement work to increase the number of local providers in the DPS.

Below is a high-level timeline of the necessary actions and tasks to expedite this process. A more detailed timeline will be developed once this approach receives approval.

This strategy should include well-organized market engagement days, provider forums, and opportunities for open and honest dialogue with providers to share our challenges and identify opportunities that support both the local authority and providers in maintaining sustainable operations.

Draft Timeline for mobilisation

Timeline	Activity
April-June 2025	Placement team communicating with current providers our intension for joining the Newham DPS and notifying them of the market warming in June/July
May 2025	Cabinet signs off joining DPS
June/July 2025	1 st and 2 nd Market Warming event with providers in partnership with Newham children home and fostering
September 2025	2 nd Market Warming event with providers in Partnership with Newham Fostering carers IFAs
September and October 2025	DPS open for applications for children fostering service and children home
November 2025	Bids assessed

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November/December 2025	Training for placement team on how to use the DPS and what needs to be recorded etc
January 2026	Go live

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