

The ABC of NEPO (and other regional frameworks)

John Pearce, Director of Durham and president of the Association of Directors of Children's Services (ADCS), has stated to CYPN that the collapse of the NEPO procurement framework for children's residential care was driven by private providers "not engaging" with such schemes. He speaks from his own regional experience, but there are common characteristics shared by many regional frameworks that have existed over years, the situation being addressed is not a new situation.

Following good social work practice, we need to look at the ABCs – Antecedents, Behaviours, Consequences – in doing so might be able to discern 'Why this, Why now?'

Before starting it is important to state the NCERCC view that based on the situation today none of the current ownership types are what is needed. We are researching across the globe and will report on any suitable arrangements we find that will take the situation in England forwards.

Antecedents

Over many years regional frameworks have been provided with feedback as to the reasons that providers did not engage

It was not only large providers, many small and medium providers preferred to provide placements through spot purchase. Some providers have not offered placements through regional frameworks or to their local authorities where they are located and preferred to work with those outside, even at distance, because of the relational way they worked with the provider.

In the recent past there have been very few who have been included throughout the life of a regional framework, the reasons for the lack of sustainability of inclusion and therefore the resilience of the respective frameworks needs independent research. Provider numbers involved with some frameworks has been low in relation to the total numbers of registered providers nationally and, significantly, in the region. There is an old saying comes to mind, "You can take a horse to water but you cannot make it drink". Frameworks have existed but attracted little take up. In fact, for some frameworks there were very few providers who were. To this extent John Pearce is right, "This type of system isn't working anymore because providers won't engage". As can be seen, the reasons are not solely those relating to providers.

Behaviours

Many providers found all sorts of factors made being included in the frameworks impossible to contemplate, there were factors that were finance and child care related. The numbers of the 'stay away' were of a density that the question needed to be asked as to the reasons. The situation today has matured over years, there was a clear case for action to have been implemented long ago.

Part of the reason can be discerned in the words of John Pearce. "Without looking at ways to remove control of the so-called market from these providers, these

frameworks won't do a great deal to help local authorities because providers don't want to engage with groups of councils when they are already in control."

There is no reason to 'remove control' when it does not exist. Any market is made up of purchasers and providers. ADCS are taking the public narrative that responsibility for the current impasse rests with providers. This is to remove all the potential actions a purchaser can take to 'shape the market.' Providers feedback to frameworks has been that they have been too controlling and insufficiently relational, co-thinking, co-creating, co-production were conspicuously missing from processes, they existed but little to nothing emerged from the collaborative activity.

Frameworks were set up as a method of procurement during the early period of what became known as children's commissioning. The Regional Commissioning Support Group that had the focus of a transition from regional planning to needs led commissioning and shaping of services was supplanted, both the personnel and the thinking, by the Commissioning Support Programme. This overwhelmingly consisted of colleagues from health and brought a definition of commissioning practice from the NHS. It was dominated by a focus on procurement activity, the health service splitting the data collection and resourcing.

Children's care and the NHS are very different. The inapplicability of NHS style Strategic Supply Resource Management (SSRM) to a sector with a majority of small providers, at the onset there were no large providers as they are defined today, the largest would be seen as a medium sized provider, was not reflected upon. There was little reflection in a culture of 'delivery'. The idea of SSRM has remained active beneath the surface, there have been several 'innovation' type projects. SSRM procurement only engages with a small number of larger or strategic suppliers.

Sounds a lot like the idea of Regional Care Cooperatives? Small providers are often disadvantaged in that they cannot devote the administrative resource or that they do not have the same economy of scale. Importantly it can be that they do not provide their 'product' in the way it is described in the 'lotting'. What is included in a 'lots' has often been a reason for providers have either not made an application to become part of a frameworks or were 'disqualified from doing so by factors related to capacity, followed by other factors such as pricing, or uplifts, or appeals, or ability to determine admissions. Rather than seeing independent parties involved in negotiation, beneath the idea of frameworks, perhaps, is the idea that effectively all within them are 'extended' services of the local authorities, subject to their fiscal control, and referrals/admissions. Though contracted, the deeper belief is that they in some way 'belong' to the local authority?

Consequences

Providers have not accepted being secondary or junior. As required by regulations and detailed in the Quality Standards providers have to be clear about what they can do and not do with regards to child care. They have to show inspectors they are financially viable. Providers see that both aspects can be compromised in a framework.

Providers have been market shaping in an uncoordinated way. Spot purchase is a market. No-one who knows the RCC sector can think that it acts in a coordinated

way. If it had been thought that this was the case the CMA would have written about anti-competitive pricing or cartels. They did write about a dysfunctional market, damning both providers and purchasers. The unspoken issue with coordination such as frameworks is that they tread a fine line in not acting in a very similar way to cartels. They have avoided it but price caps and other restrictive and constrictive measures can make it a close-run thing.

Importantly foster care providers did not say the same thing about their regional frameworks, and especially NEPO. It has always been unclear why the learning from the foster care frameworks was not transferred to the residential frameworks.

Why this? Why now?

John Pearce told CYPN that RCCs should not be implemented in the form currently planned by ministers. On this we are agreed but, we think for different reasons.

Maybe one of those reasons for this ending of NEPO and the headlines it has generated is that it is a means of signalling ADCS determination not to go down the Regional Care Cooperatives route. It could be a signal that local authorities are determined to hold on to the local determination of services.

It can be agreed when John Pearce says and ADCS that RCCs, as currently defined, will not address the issues.

What now? Think again that a market mechanism was ever a good idea.

There are many voices regarding a market of care. There are some against, some for, and some who say it never has been a market at all, some who say it is a monopsony.

There are criticisms of providers making large profits. It needs acknowledging that the ADCS have a real problem when prices are high and funds are low and diminishing. Providers have a problem when they face higher prices for materials and staffing, and importantly face imminent steep hikes in the interest for their financing, the residential sector today is built on debt.

John Pearce is right there is “a real risk to the stability that children in care experience”. He is right too that, “In market economics, the simple response to demand is to increase supply”. This statement needs unpacking – particularly when considering the complexity of child care.

Privately funded providers have entered and expanded to create more supply. However, they are providing more mainstream care, more of the same type of homes. So, too, are the local authorities who have opened homes (though the last statistics tell us that overall numbers of local authority homes decreased by 2%). Local authorities’ homes openings are too slow and too few. It has also to be taken into account that local authority homes cost more than the independent sector. It also needs to be said that local authority homes run by an independent sector provider is not a local authority home, and should not be represented in the figures as such.

“We do not have the right sort of homes” has been stated by national and local government. To be accurate, we do not enough homes for higher level co-occurring needs.

These homes will not come through the market. There is a gap that local authorities should be filling, commissioning and developing over 5 years to establish what is needed and where it is needed. If the government can find £500 million for a lithium battery plant surely it can do so for vulnerable children. Think how many local authority homes that would create; how it would balance the sector; how it would create opportunity for planned provision. It is a way to take out the business models that exist and replace them with child centred ones with new values not of social return on investment but of public good and social return.

John Pearce is right when he says, “The risks and real-life implications for our children and young people are becoming increasingly untenable and we owe it to them to get this right.”

“A set of national conditions for success needs to be in place before we can think about trying to implement reforms. These include a workforce plan, a multi-year funding settlement, a more ambitious capital programme, and possibly most critically a move to bring regulations up to date”. These the words of John Pearce.