

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	8 May 2018
REPORT TITLE	Internal Audit Report AC1826 – Out of Authority Placements
REPORT NUMBER	IA/AC1826
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Out of Authority Placements.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3. BACKGROUND / MAIN ISSUES

- 3.1 Internal Audit has completed the attached report which relates to an audit of Out of Authority Placements.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

7. OUTCOMES

- 7.1 There are no direct impacts, as a result of this report, in relation to the Local

Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Module.

- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

- 9.1 Internal Audit report AC1826 – Out of Authority Placements.

10. REPORT AUTHOR DETAILS

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ABERDEEN

CITY COUNCIL

Internal Audit Report

Operations

Out of Authority Placements

Issued to:

Rob Polkinghorne, Chief Operating Officer
Bernadette Oxley, Chief Officer – Integrated Children's and Family Services
Fraser Bell, Chief Officer – Governance
Sandra Buthlay, Interim Chief Officer - Finance
Anne Donaldson, Lead Service Manager
Lesley Stopani, Service Manager Inclusion
Eleanor Sheppard, Transformation and Improvement Manager
External Audit

EXECUTIVE SUMMARY

The Council is under a statutory obligation to provide education for children up to 18 years of age that are living in the Aberdeen City area, including those with additional support needs. In addition, the Council has a duty to offer looked after young people, born after 1 April 1999, a care placement until the age of 21. Historically, the budget for providing out of authority placements has been under pressure with some significant overspends being reported to Committee through budget monitoring reports. During 2013/14, consultants completed an Inclusion Review which made a number of recommendations impacting on out of authority placements.

The objective of this audit was to review progress with implementing the applicable recommendations of the Inclusion Review and to consider whether the system used to make and review on-going out of authority placements is robust and that alternatives are considered before decisions are made which commit expenditure.

The Service has developed a well-defined process for determining whether placements need to be made with an external provider or can be delivered by the Council. Despite this, the 2017/18 budget for out of authority placements of £9.29 million, which had been increased to take account of the historical pressures, is forecast to be overspent by 18%.

Required reviews of placements are, in general being completed timeously, although a small number of exceptions were identified. Where reviews are not completed timeously, there is a risk of costs being incurred that are not required. The Service has agreed to address this and ensure that all placements are recorded in CareFirst.

Recommendations made in the Inclusion Review have been implemented but not all have been fully evaluated. The Service has agreed to do this by August 2018, including the impact of policies, roles and remits, and the transformation of services, which will help inform future service delivery.

1. INTRODUCTION

- 1.1 The Council is under a statutory obligation to provide education for children up to 18 years of age that are living in the Aberdeen City area, including those with special needs. In addition, the Council has a duty to offer looked after young people, born after 1 April 1999, a care placement until the age of 21. The governing legislation is derived primarily from the Children (Scotland) Act 1995, Education (Additional Support for Learning) (Scotland) Act 2004 (as amended), the Looked After Children (Scotland) Regulations 2009 and the Children and Young People (Scotland) Act 2014. Where a child's needs are best met by an external provider, the Council's Out of Authority Placement (OAP) scheme facilitates the provision of specialist support from outwith the Council.
- 1.2 OAPs may be made in residential children's homes, residential special schools, day placements in special schools or fostering placements. Children who pose a significant risk to themselves or the community may be placed in secure care by the Chief Social Work Officer on the recommendation of the Children's Panel or the Court, and the Council is also liable for these costs. These placements are reviewed every 4 weeks by the Chief Social Work Officer.
- 1.3 As at 31 March 2018, 56 children were in out of authority residential placements and 42 children with higher support needs were in out of authority foster placements. The 2017/18 approved budget for this provision was £9.29 million (2016/17 - £6.52 million), whilst the forecast outturn for the year was £10.94 million (an overspend of 18%) (2016/17 - £10.66 million or 64%). Children's Social Work contributes 63% of the budget and the Education Inclusion Service contributes 37%. These percentages reflect the costs for both care and education when a child is placed out of authority.
- 1.4 The objective of this audit was to review progress with implementing the applicable recommendations of the Inclusion Review and to consider whether the system used to make and review on-going out of authority placements is robust and that alternatives are considered before decisions are made which commit expenditure.
- 1.5 The factual accuracy of this report and action to be taken has been agreed with Bernadette Oxley, Head of Children's Social Work, and Anne Donaldson, Lead Service Manager.

2. FINDINGS AND RECOMMENDATIONS

2.1 Policies and Procedures

- 2.1.1 It is essential that robust written procedures are in place to guide OAP activity and prevent duplication of effort, confusion over responsibilities, and inconsistencies. In addition, comprehensive written procedures which are easily accessible by all members of staff are beneficial for the training of current and new employees and provide management with assurance of correct and consistent practices being followed, especially in the event of an experienced employee being absent or leaving.
- 2.1.2 OAP administration is part of the Integrated Children's Services Plan, the current version of which was approved by the Education and Children's Services Committee in June 2017. The Plan, which covers 3 years and is due to be reviewed in 2020, is intended to show that the Council is meeting its statutory responsibilities as part of the Children and Young People (Scotland) Act Statutory Guidance Section 3 regarding children's services planning. This requires each Local Authority and Associated health board to develop a 3 year plan to improve the lives of children and young people by embedding the Getting it Right for Every Child approach. Decisions on and administration of OAP are considered and agreed by the Child Specialist Services Forum (CSSF). This is a joint financial decision making group made up of representatives from Education and Children's Services (E&CS). The Health and Social Care Partnership has been invited to join this group. A policy covering the remit and aims of the CSSF was approved by CMT on 8 January 2018. The policy is considered to be comprehensive and up to date.
- 2.1.3 There are a number of different guidance documents for staff relating to different duties across the Service, including: guidance for Social Workers, Educational Psychologists and managers on presenting requests for placements; guidance for staff responsible for carrying out reviews of looked after children; procedures for using the CareFirst system; and procedures on performing Service-specific Accountancy tasks. These were considered to be comprehensive and, for the most part, up to date. Some guides refer to obsolete arrangements, but these have been identified and are in the process of being updated by the Service.

2.2 Reviews and Placements

- 2.2.1 According to a November 2016 Service report, the average cost for each vulnerable child or young person being placed out of authority with an external provider in 2016 was £250,000 a year compared to approximately £165,000 per year for a placement in an Aberdeen City Council children's home. As a result a placement within the authority offers a substantial cost saving. The Service also has a strategic priority of inclusion within mainstream settings wherever possible. Whilst the average cost of placements for looked after children is considerably lower than the above costs, it is important that the Service consider requests for OAP carefully before committing to expenditure.
- 2.2.2 All looked after children (LAC) must, under the 2009 Regulations, have their needs and care provision reviewed at least every 12 months. If a child has needs that may be best met by an external provider, this could be identified through this LAC review, or from multi-agency case conferences or Children's Hearings recommendations. The needs are identified by staff supporting the child, such as school staff, Social Workers or Educational Psychologists, and these needs are then presented to the CSSF for consideration. Alternatively a child may require to be placed after a decision made by the Health and Education Chamber of the First-tier Tribunal for Scotland, formerly the Additional Support Needs Tribunal for Scotland. Requests cannot be made directly by service users to the CSSF.

- 2.2.3 CSSF meetings are held fortnightly and are attended by representatives from both Education and Children's Social Work. Cases are scheduled for consideration by either required review date or requests arising from a recent review. Since 2017, reports approved by managers in both Education and Children's Social Work, to ensure that only appropriate cases are presented to the CSSF, and in such a way that decisions can be made promptly without further information being requested, are considered. These describe the areas of concern, interventions currently in place, and the desired outcome from a specialist service.
- 2.2.4 In order to establish more consistent and impartial decision making, the type of provision and provider are decided on by the CSSF after discussing and considering the submitted request, based on the identified needs of the child. Prior to 2017, the type of provision was requested and justified by the Social Workers and Educational Psychologists presenting the request.
- 2.2.5 Suppliers are identified using a Framework Agreement through Scotland Excel, which was approved for use in 2014. This agreement was due to expire in 2016 but was extended until March 2018. If a suitable supplier cannot be identified through the Framework one will be sourced by the Service and a contract governing the placement arranged with the support of Commercial and Procurement Services. Contracts for services have also been agreed with two providers not on the Framework who are regularly used by the Service.
- 2.2.6 Decisions are made by the First-tier Tribunal for Scotland on appeals against the refusal of requests for placements at specified providers and may confirm that the authority should place the child in the identified / requested provision; this decision is legally binding on the Council. Decisions of the Children's Panel may specify a placement; however the Service has worked with the Children's Hearings staff to produce guidance that decisions should identify need and allow the local authority to identify suitable placements.
- 2.2.7 Once the placement has been agreed an Individual Placement Agreement (IPA), also called a Service Agreement, is drawn up. IPAs detail the parties involved, the level of provision required to meet the child's specific needs, and the desired outcomes. They are prepared by the child's Social Workers, based on the identified need as discussed in the submission to the CSSF, and are then passed to the Lead Service Manager for CSW for authorisation. The IPAs are saved in the Service shared drive and copies are sent to the CareFirst team to be manually input to CareFirst once the CareFirst team has confirmed the forms are complete and correct. An email notification of new, amended and terminated placements is sent to Finance on a weekly basis by the CareFirst team.
- 2.2.8 In addition to case recording, CareFirst is used to control payments to external care providers. When invoices are received they are compared to IPAs recorded in the system to ensure the level of service and fees being charged match the agreement.
- 2.2.9 The Service advised that a small number of Education placements are not currently recorded in CareFirst. Historically there were fewer Education placements and, although they were approved by the CSSF, since they were paid for from the Education budget, they were administered solely by Education staff, who did not have access to CareFirst. As a result, a number of day placements at special schools are not yet in the CareFirst system. The Service Manager Inclusion stated that there was an ongoing process to identify all such placements and arrange for them to be input to CareFirst, but was not able to advise how many such placements existed or how long this process would take.
- 2.2.10 If placements are not recorded consistently there is a risk that invoices may be paid inappropriately or expenditure may not be tracked. Having all placements recorded in CareFirst would ensure consistency and allow more efficient monitoring of payments and performance.

Recommendation

The Service should identify all current placements not recorded in CareFirst and arrange for them to be input as soon as possible.

Service Response / Action

Agreed

Implementation Date

May 2018

Responsible Officer

Service Manager
Inclusion

Grading

Important within audited
area

- 2.2.11 Service provision is checked against the IPA every time an invoice is received by CareFirst. The provider performance and the child's progress is reviewed at the LAC Review and during the annual CSSF review meeting.
- 2.2.12 25 looked after children who had been assessed by the CSSF were identified from Service records and details of the review were examined by Internal Audit. In all cases the request forms had been submitted; however in 2 cases the form had not been fully authorised. Since the request for service form acts as a purchase order, failure to fully authorise is potentially a breach of Procurement Regulations. These were subsequently authorised and the Service advised that this was a practice issue that has now been addressed.
- 2.2.13 In all cases tested, the assessment process and decision were fully recorded in extensive notes and supporting evidence had been retained. Information on resource gaps contributing to the need to move out of authority was collated and reported, and the decision was communicated promptly to all parties.
- 2.2.14 As discussed above all providers should be Framework or contract suppliers and IPAs must be approved and input to CareFirst before the placement begins. A sample of 25 placements that were current during 2017/18 was selected from the Service files and reviewed. With one exception, where the placement had commenced in 2014 and the form had not been kept, all placements had been appropriately approved before the placement began. The Service stated that older documents were not retained due to data protection concerns.
- 2.2.15 All providers were sourced from the Framework Agreement with one exception. The Service advised that no suitable provider in the Framework had been available resulting in another provider being used. Commercial and Procurement Services confirmed that procurement procedures had been followed and a contract was in place.
- 2.2.16 All placements had an IPA filed in the shared drive and were recorded in CareFirst with all IPAs having been authorised and input to CareFirst before any invoices were paid. Paid invoices were reviewed for each placement and all had been processed correctly, authorised within CareFirst, and paid timeously.
- 2.2.17 Service provision is monitored through regular reviews. These should be carried out at least annually and the case meeting minute should include a date for the next review meeting to ensure this target is met. In one case the most recent review was over 12 months ago (last review November 2016); no scheduled review date had been input to the case meeting minute form. In two other cases the review had been carried out within the last year but no review date had been input to the form. The Service advised that action would be taken to ensure that these cases were reviewed promptly and to remind staff to ensure that review dates were input during case meetings.

- 2.2.18 If CSSF placement reviews are not carried out timeously there is a risk of inappropriate provision, which could mean costs are incurred unnecessarily. Currently a Word document is used to record details of future CSSF meetings and children’s details are entered into this to schedule reviews. The Service is currently working with the CareFirst system to create a scheduling system which will flag when reviews are due.

<u>Recommendation</u> The Service should ensure all placements are regularly reviewed.		
<u>Service Response / Action</u> Agreed		
<u>Implementation Date</u> June 2018	<u>Responsible Officer</u> Lead Service Manager	<u>Grading</u> Significant within audited area

- 2.2.19 Two of the placements reviewed had ended but one of these had not been terminated in CareFirst. A delay in closing off a terminated placement in CareFirst increases the risk that invoices may be paid inappropriately.

<u>Recommendation</u> The Service should ensure that terminations are input to CareFirst promptly.		
<u>Service Response / Action</u> Agreed		
<u>Implementation Date</u> June 2018	<u>Responsible Officer</u> Lead Service Manager	<u>Grading</u> Important within audited area

2.3 Budget Monitoring

- 2.3.1 The Out of Authority budget includes the cost of the following provision:
- Residential Children’s Home placements
 - Residential School placements
 - Respite care provision for children with high support needs
 - Secure care
 - Higher support needs for children in external foster placements
 - Education placements
 - Additional support, normally in the form of PSA support, when a looked after child or young person is in an out of authority mainstream school.
- 2.3.2 The CSSF holds a Business Meeting every two months, which is also attended by representatives from Finance, Commercial and Procurement Services, and the CareFirst support team. The purpose of Business Meetings is to monitor the budget, review decision making and gaps in service provision. Meeting agendas show that meetings are being held regularly and are well attended by relevant staff; progress reports were given and actions assigned to staff.
- 2.3.3 Budget monitoring is carried out by a team in Finance. In addition to the Business Meetings, Accountants meet with Service Managers on a monthly basis to discuss spending trends. These meetings consider overall budget, trends, contracts, and provide updates on significant forecast to budget variations.

- 2.3.4 Finance maintains a tracking spreadsheet showing all looked after children, establishments and costs charged by providers, which is used to create spending forecasts and budget monitoring reports for the Service. The tracking spreadsheet is updated regularly with detailed information on placement costs and timings. It is understood that the CareFirst System cannot produce data in the required format.
- 2.3.5 Five of the children within the sample tested could not be identified in the spreadsheet as names had been redacted and a number of CareFirst P number identifiers were missing. Finance advised that sometimes they are not given the P number initially and the sheet might not be updated later as they did not use these numbers for primary identification. This means that children with similar details, or who use more than one name, might not be properly identified in discussions between the Service and Finance; Internal Audit was unable to receive assurance this was not the case as the complete sheet was not provided for review.

Recommendation

Finance should ensure that the tracking spreadsheet contains the unique CareFirst identifiers for each child and that it is up-to-date.

Periodic reconciliations should be undertaken between CareFirst and the spreadsheet.

Service Response / Action

Part 1: Agreed.

Part 2: Agreed. Reconciliations will be carried out on a monthly basis.

Implementation Date

May 2018

Responsible Officer

Finance Partner

Grading

Significant within audited area

- 2.3.6 Budget monitoring reports for 2015/16 – 2017/18, presented to the Education and Children’s Services Committee were reviewed. They were in a clear and consistent format; the level of detail provided was appropriate; and OAP costs were identified as a cost pressure. However, in each report the same form of words was used, explaining that unforeseen costs were imposed externally and that work was being carried out by the Service to reduce the cost and number of placements.
- 2.3.7 Annual budgets are based on expected costs of service delivery plus growth required, as identified through discussions between Finance and the Service. The 2017/18 budget was presented to Full Council on 22 February 2017 for approval, and included a substantial increase for OAP. The Service advised that this was the result of a general change in approach reflected through the Reclaiming Social Work model which led to a more realistic budget setting process.
- 2.3.8 The percentage of looked after children cared for at home is reported to the Education and Children’s Services Committee on a quarterly basis as part of the Directorate Performance Improvement Scorecard, since the principle of assisting families to remain together in a supported environment is key to delivery of the Directorate’s improvement objectives around the care and support of vulnerable children. It is benchmarked against national performance. The Council is slightly below the national average and the reported goal is to improve this to at least match the average through the implementation of the Reclaiming Social Work model (see below).

2.4 Strategic Changes

Inclusion Review

- 2.4.1 A year-long review of inclusive practice within the Council was undertaken by external consultants in 2013/14. This was intended to ascertain the extent to which the Council had taken account of Scottish Government legislation and guidance covering equalities and support for learning, and how Service approaches compared with national legislation and international best practice.
- 2.4.2 The Review found that while many schools and Services offered good examples of inclusive practice, and there was a high level of commitment from staff, there was an insufficient understanding of the presumption of mainstreaming (as outlined in the Standards in Scotland's Schools Act 2000) and an unusually high number of specialist provisions. The review made a number of recommendations, with those impacting on Out of Authority placements being that an Inclusion Team be put in place to lead, implement and quality assure developments; and that the Service put measures in place to better use existing provision in order to reduce the number of children whose needs cannot be met within the authority, including building a new special school and creating a Virtual School to ensure effective support for Looked after Children.
- 2.4.3 A Head Teacher was appointed in November 2015 to work with the Looked After Children Teacher in the Virtual School, which aims to support the educational achievement of the children it looks after, regardless of where they are enrolled. The Virtual School is not a physical place but an organisational tool created to coordinate support. The role of the Virtual School Head Teacher is to support improvements in the educational progress and attainment and achievement of all children looked after by the authority, including those that have been placed in schools in other authorities.
- 2.4.4 A new special school, Orchard Brae School, opened in August 2017, replacing a number of smaller resources across the City. In addition to offering specialist educational services it is designed to be a resource for outreach services and ASN teaching and training, and a multi-agency facility for health, education, social work and family support. In this way places are maintained within the Council area for children who require specialist education, while other children with less complex needs can be more effectively supported to remain in mainstream schools.
- 2.4.5 The Service confirmed that a formal evaluation of some of the applicable recommendations of the Inclusion Review has not been carried out as yet, meaning it has not been established if the above changes have had a positive impact on service provision / outcomes.

Recommendation

The Service should review the impact of the changes made as a result of the Inclusion Review to determine their impact on Out of Authority Placements.

Service Response / Action

Agreed. This will include:

- Minimising Exclusion Policy
- The role and remit of the Virtual School
- The Transformation of support services

Implementation Date

August 2018

Responsible Officer

Service Manager
Inclusion

Grading

Significant within audited
area

Reclaiming Social Work

- 2.4.6 The Council is in the process of implementing a new model for Children's Social Work called Reclaiming Social Work (RSW). This model sees cases being allocated to Units staffed by a number of workers, rather than to an individual Social Worker. Feedback from staff operating within a Unit model mirrors that of other Local Authorities who have implemented RSW whereby staff feel supported and better able to manage situations of risk and support families to affect change, without the need for the child to be accommodated. This feeds into the Service strategic priority of reducing the number of children who are accommodated, including those in high cost out of authority placements. It is intended that the model will be fully implemented by 2020.
- 2.4.7 Through improving support and provision for children with a high level of need, and implementing the RSW model to help Social Workers manage case loads more effectively, the Service has worked to reduce OAP spending by striving to keep looked after children within the authority area. In spite of these efforts the number of placements has increased each year since 2014. The Service advised that they continue to apply pressure to reduce the number and cost of external placements and that officers from across the Directorate are undertaking a rigorous review of case files, systems and processes; however, ultimately provision must be based on the needs of the child.

AUDITORS: D Hughes
A Johnston
L Jarvis

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.