

DECISION-MAKER:	CABINET		
SUBJECT:	CONSORTIA COMMISSIONING OF INDEPENDENT FOSTER CARE		
DATE OF DECISION:	20 DECEMBER 2016		
REPORT OF:	CABINET MEMBER FOR CHILDREN'S SOCIAL CARE		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Lin Clark	Tel: 023 8083 2085
	E-mail:	lin.clark@southampton.gov.uk	
Directors	Name:	Stephanie Ramsey	Tel: 023 8029 6923
	E-mail:	Stephanie.ramsey@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
None			
BRIEF SUMMARY			
This report seeks authorisation to award providers to the South Central Framework agreement for Independent Fostering Agency placements following the completion of a procurement process led by Southampton City Council on behalf of a sub-regional consortia comprising fourteen local authorities.			
RECOMMENDATIONS:			
	(i)	To authorise officers to appoint the organisations set out in Appendix 1 to the Framework Agreement.	
	(ii)	To delegate to the Service Director Quality and Integration following consultation with the Interim Service Director Children and Families and the Service Director Finance and Commercialisation and the Service Director Legal and Governance authority to enter into contractual arrangements with these organisations and to do all such ancillary activities as may be necessary to give effect to the recommendations of this report.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	The Framework Agreement has been procured via a fair, open and transparent process.		
2.	Effective and appropriate use of the Framework Agreement will give Southampton City Council and participating Authorities assurance of quality in the provision of independently provided foster care and price stability in what will otherwise be a market characterised by variable and escalating costs over the next 4 years.		
3.	A saving of £68K will be made by transferring existing placements to the new Contract. The new Contract also gives Southampton City Council access to significantly more providers and a wider range of options as detailed below for cost effectively meeting need and ensuring good outcomes for the city's looked after children going forward		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			

4.	<ul style="list-style-type: none"> • Option 1 – Spot purchase. This option was rejected because of the increased risks in terms of cost and quality where each placement required would be subject to market forces on a case by case basis. • Option 2 – Set up a Framework for Southampton as a stand-alone exercise. This option was rejected, as experience and analysis suggested that greater economies of scale, improved outcomes (e.g.; placement stability) and best value for money could be obtained through a collaborative procurement process with other authorities.
DETAIL (Including consultation carried out)	
	Background
5.	Independently provided foster care is a key means by which the council complies with its duties under the Children and Young Persons Act to ensure sufficient access to placements for looked after children.
6.	In January 2016, CMT authorised officers to initiate re-procurement of the framework through which the majority of these placements are purchased, a contract which expires on 31st March 2017.
7.	The Council established a regional consortium of local authorities to enable a collaborative approach to managing the Independent Fostering Agency (IFA) market. The consortia comprised of 14 local authorities - Bracknell Forest, Bournemouth, Dorset, Isle of Wight, Oxfordshire, Poole, Portsmouth, Reading, Royal Borough of Windsor and Maidenhead, Slough, Southampton, Surrey, West Berkshire, and Wokingham. Hampshire was initially part of the consortia but subsequently withdrew following a decision to instead procure their foster care services on an independent basis.
	Objectives
8.	<p>The key objectives of the procurement were:</p> <ul style="list-style-type: none"> - To achieve best value and quality assurance in the purchase of independently provide foster care - Improved outcomes for children placed in independently provided foster care - To ensure access to an extensive pool of providers - To standardise individual contracts for each placement made under an overarching contract - To ensure LA's have the opportunity to include multiple child specific outcomes - To improve provision for a range of children including 14-18 year olds - To achieve fixed prices for placements based on specific ages/client need - To achieve fixed prices and a breakdown of placements for more complex needs (to meet an increase in demand) e.g. teenagers with high risk behaviours, unaccompanied asylum seekers, crisis placements for under 16's - To provide alternatives to residential care options for children who would otherwise go into institutional care settings - To enable permanency to be delivered as a care outcome for children at the earliest reasonably practicable point - To investigate the possibility of including foster carers who can

	<p>support adoption and family breakdown</p> <ul style="list-style-type: none"> - To consult with other LA's in relation to their current purchasing tools and seek to increase the number of LA's within the South Central region, thus increasing greater bargaining power - To reduce individual placement negotiations for emerging specialist placements - To share contract performance and management responsibility across the consortia - Adherence with legislation and standards - Capacity assurance for various need groups and geographical areas
	Procurement Process
9.	<p><u>Qualification Stage</u></p> <p>Bidders were required to respond to a number of standard questions with applicable pass/fail criteria laid down in the initial stage of this process. Such questions were to test financial capacity, grounds for mandatory exclusion, pre-determined insurance levels and compliance to specific legislation(s).</p> <p>In addition to the standard questions, bidders were required to respond regarding the Ofsted rating for offices to be submitted under the framework contract. Only offices with an Ofsted grading of 'Requires Improvement' or above progressed to the Technical stage. Providers that have a grading of 'Requires Improvement' are considered by Ofsted to provide an acceptable level of care for children, and commissioners are encouraged to make placements which match a child's needs with a provider if they have this grading or above.*</p> <p>*Report of Sir Martin Narey's independent review of children's residential care, p50</p>
10.	<p><u>Technical Stage</u></p> <p>Fostering providers are regulated and regularly inspected by Ofsted to ensure that they deliver good quality care. To avoid duplication therefore, for Lots 1-3, no further method statement questions/second stage evaluation was required. Price criteria formed 100% of the overall evaluation (the lowest overall price was given 100%, the other scores calculating as a percentage of the lowest overall price)</p>
11.	<p>Under each Lot, Providers with an Ofsted rating of Outstanding or Good were allocated a place on Tier 1 or Tier 2 and subsequently ranked in price order (lowest to highest). This ensures that offers of placements from higher quality providers are considered first, and where there is more than one suitable placement, the placement offered at the most advantageous price will be selected. Providers with an Ofsted rating of Requires Improvement were allocated a place on Tier 3 and ranked in the same way.</p>
12.	<p>For Lot 4 (Alternative to Residential) as this was a new and innovative service model, it was agreed that ranking the provider solely on price at the second stage, would not be sufficient, therefore cost formed 40% of the overall evaluation and quality formed 60%.</p>
13.	<p>Providers had to score 55% or above on the quality section and have an Ofsted rating of Requires Improvement or above to be awarded a place on</p>

	the Framework.																				
14.	Price was then evaluated on a total Weekly Cost during the 'Stabilisation Stage' of a Lot 4 placement (18 months in term). The provider with the lowest overall price was given 100% of the 40% weighting, and all other provider scores were then calculated as a percentage of the lowest overall price. Providers were then ranked in according to their combined quality/cost score.																				
	Results																				
15.	All providers that submitted a tender for Lots 1-3 were successful in being awarded a place on the new framework. Three providers were rejected during the tender process for Lot 4 based on not meeting the quality criteria.																				
16.	There has been a significant increase in the number of providers on the Framework providing fixed and transparent pricing: <table border="1" data-bbox="427 730 1307 1077"> <thead> <tr> <th>Number of Providers</th> <th>Old</th> <th>New</th> <th>% increase</th> </tr> </thead> <tbody> <tr> <td>Lot 1 General</td> <td>41</td> <td>49</td> <td>22</td> </tr> <tr> <td>Lot 2 Parent and Child</td> <td>34</td> <td>49</td> <td>44</td> </tr> <tr> <td>Lot 3 Children with Disabilities</td> <td>17</td> <td>43</td> <td>152</td> </tr> <tr> <td>Lot 4 Alternative to Residential</td> <td>N/A</td> <td>9</td> <td>100</td> </tr> </tbody> </table>	Number of Providers	Old	New	% increase	Lot 1 General	41	49	22	Lot 2 Parent and Child	34	49	44	Lot 3 Children with Disabilities	17	43	152	Lot 4 Alternative to Residential	N/A	9	100
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17.	Prices for Disabled Children and Parent and Child placements have fallen (down 0.5% and 2.5% respectively).																				
18.	There are 11 new providers offering standard (Lot 1) placements with a lower average weekly price when compared to the previous contract (previous average was £771.02 per week).																				
19.	Analysis across all placement types indicates that prices have therefore been held almost static (+0.85%) despite the fact that the providers have not had a price increase in the past five years.																				
20.	Where new prices are lower, placements will be transferred to the new Contract. A review of existing placements indicates that savings of £68K per annum can be made by transferring placements across to the new contract. It is to be noted that children can remain with the same foster carers and will not be affected.																				
21.	The new 4 year framework has been designed to re-open on an annual basis to create a route to market for new entrants, continuous stimulation of competition, and assurance that all IFA's being used by the council have passed the quality evaluation criteria required to be awarded to the framework.																				
22.	The current framework classifies placements as either short or long term and extracts a discounted rate for long term placements. This arrangement has been carried forward into the new framework, however, the long term rate will now take effect at month nine instead of month twelve in line with changes to national guidance in relation to permanency. This will help to reduce the financial consequence of short term placement making when such placements are required and is expected to save the Council £150,000 over the next four years.																				
23.	Alongside standard placements, a new 'Alternative to Residential' Lot has																				

	<p>been included that is intended to accommodate placements for children that have either experienced multiple placement breakdowns or who are already in residential accommodation. Placements of this type potentially offer better outcomes for children combined with better value. The average cost of a placement under this Lot is £2,029 compared to an average cost of £3,558 per week for a residential placement. This would represent an annual saving of £79,508 for a single placement. Work will be carried out to identify existing residential placements where a child might benefit from a move to a placement of this type.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
24.	A review of existing placements indicates that savings of £68K per annum can be made by transferring placements across to the new contract.
25.	The contractual change to reduce the period during which placements are charged at the higher 'short term' cost means that over the four year duration of the contract a cost avoidance of £150,000 can be achieved.
26.	The new 'Alternative to Residential' Lot offers the potential for savings where it is appropriate for a child currently in a residential placement to move to a placement under this new Lot. The average annual saving for each child successfully moved would be £79,508. Work will be carried out to identify existing residential placements where a child might benefit from a move to a placement of this type.
<u>Property/Other</u>	
27.	None.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
28.	Southampton City Council has a statutory requirement to meet the Sufficiency Duty placed on local authorities under 22 (G) of the Children Act 1989.
29.	The legal powers to pursue the procurement as outlined in this report are contained in the Local Government Acts 1972, 1999 and 2000. The procurement process itself is governed by the EU public procurement Directive (as embodied in UK law by the Public Contracts Regulations 2015).
<u>Other Legal Implications:</u>	
30.	None.
POLICY FRAMEWORK IMPLICATIONS	
31.	<p>The proposals contained in this report are made in accordance with the following strategic commitments within the Policy Framework (Article 4.1 of the Council's Constitution):</p> <ol style="list-style-type: none"> 1. Sustainable Community Strategy (Southampton City Strategy 2015-2025); The strategy prioritises 'Healthier and Safer Communities' and includes a focus on giving babies, children and young people a better start in life. 2. Health and Well Being Strategy 2013-2016; theme two of the strategy focuses on 'Best start in life'. The Health and Wellbeing Strategy will

	be updated in early 2017 and will retain a focus on outcomes for children and young people.
32.	The proposals have also been developed in line with the outcomes agreed in the Southampton City Council Strategy 2016-2020 which focus on giving children and young people a good start in life, protecting vulnerable children and young people and reducing the number of looked after children and children in need.
KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None

Documents In Members' Rooms

1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes	
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	YES	
Other Background Documents Other Background documents available for inspection at: Equality Impact Assessment and Other Background documents available for inspection at: Integrated Commissioning Unit, 1 st Floor, Municipal Block, Civic Centre, Southampton.		
Title of Background Paper(s)		
1.	Tender Evaluation Report 2016	Part exempt by virtue of paragraph 3 - Information regarding providers invited to sign up to the Framework Agreement will not be in the public domain at the time of the report.
2.	IPC Report on Collaborative Commissioning	Open
3	Report of Sir Martin Narey's independent review of children's residential care	Open

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