

<b>DECISION-MAKER:</b>	The Joint Commissioning Board		
<b>SUBJECT:</b>	Establishing a regional consortium for the commissioning of independent foster care		
<b>DATE OF DECISION:</b>	19 December 2019		
<b>REPORT OF:</b>	Chris Pelletier		
<b><u>CONTACT DETAILS</u></b>			
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## STATEMENT OF CONFIDENTIALITY

### BRIEF SUMMARY

The Council's primary method of purchasing Independent Foster Care for looked after children in a manner that is compliant with procurement regulations is via the regional framework agreement procured by Southampton City Council from April 1<sup>st</sup> 2017, a contract that terminates on 31<sup>st</sup> March 2021. This arrangement has been highly successful and praised by both Independent Fostering Agencies (IFA) and Local Authority (LA) partners. Use of the Framework continues to increase and both LAs and IFAs are experiencing the benefits of standardised processes for engaging this market across the region and a centralised approach to contract/ performance management. Additionally, a significant proportion of placements are now being placed 'on-framework' with IFAs who previously had off-framework placements, indicating a growing preference for regional framework utilisation amongst both purchasers and providers.

### RECOMMENDATIONS:

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| (i) | It is recommended that regional LAs are invited to join a Southampton-led consortium for the purpose of commissioning a replacement to the current IFA framework agreement. It should be further noted as detailed in Appendix 1 that the project budget is £92,277, that Southampton's estimated contribution to the cost of this project (based on proportional utilisation, and assuming all current consortium LA's join the new consortium) is £10,169, with the balance to be paid by participating authorities. Southampton will additionally receive income of £13,031 per annum from consortium members during the contract term as remuneration for undertaking the tasks and functions associated with consortium leadership, and Southampton's estimated contribution to the cost of centralised contract management will be £15,480 p.a. during the contract term. |
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### REASONS FOR REPORT RECOMMENDATIONS

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| 1. | Through previous collaboration, we have seen evidence that through a collaborative procurement process, councils have achieved significant benefits when working together to commission independently provide foster care, including: |
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	<ul style="list-style-type: none"> <li>• Improved outcomes for children</li> <li>• Better value for money with providers</li> <li>• Framework acts as a platform for block contracts</li> <li>• Reduced transactional costs</li> <li>• Shared procurement costs</li> <li>• Better placement stability</li> <li>• Streamlined placement matching processes</li> <li>• Improved market intelligence</li> <li>• Better working relationships with providers</li> <li>• Growth of trust between LAs and Providers</li> <li>• Reduced spot purchasing</li> <li>• Improved communication and partnership working.</li> <li>• Increases in the local supply of foster carers</li> <li>• Use of standard contracts and commissioning documents</li> </ul> <p>We want to build on the success of Southampton’s track record on leading collaborative commissioning of children’s services. The framework will additionally provide a single view of quality and stable/ predictable prices for the next 4-6 years.</p>
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**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

<p>2.</p>	<p><u>Revert to Spot Purchasing</u></p> <p>Cons:</p> <ul style="list-style-type: none"> <li>• Greater time intensive sourcing processes</li> <li>• Non-compliant with procurement regulations</li> <li>• Relies on informal provider relationships</li> <li>• Risk that unfixed pricing will cause average price to increase over time</li> <li>• Price of current placements may be inflated by the provider without warning</li> <li>• Low assurance of quality standards</li> <li>• Sufficiency shortfall in the current market</li> </ul> <p>Pros:</p> <ul style="list-style-type: none"> <li>• Requires no up-front effort</li> <li>• May be possible to negotiate better value on a case by case basis</li> </ul>
<p>3.</p>	<p><u>Procure a Southampton-specific solution</u></p> <p>Cons:</p> <ul style="list-style-type: none"> <li>• Southampton’s demand for foster care in isolation exerts limited purchasing power on the market – market may show low level of interest/response to the tender</li> <li>• Market disenfranchised by lack of standardisation across the region</li> <li>• Sufficiency shortfall in the current market</li> </ul> <p>Pros:</p> <ul style="list-style-type: none"> <li>• Solution may be 100% tailored to Southampton’s requirements without compromise</li> <li>• Formalised relationship with provider(s) established</li> </ul>
<p>4.</p>	<p>Although there are credible benefits associated both with spot-purchasing and the procurement of a Southampton-specific solution, it is thought that such benefits are outweighed by the risks associated with them, and on this basis the re-procurement of a consortia commissioning arrangement is recommended as it is the option most likely to secure assurance of best value and quality going forward.</p>

<b>DETAIL (Including consultation carried out)</b>	
5.	Southampton City Council procured the IFA regional framework agreement in collaboration with 16 other Local Authorities. This contract commenced in April 2017, and will have been in place for 4 years when it expires in March 2021. Southampton has acted as lead commissioner in this consortium, having facilitated the design phase in collaboration with participating authorities, led on the procurement function, and provided consortium governance/ oversight over the life of the contract. Bournemouth, Christchurch and Poole Council (BCP) have provided the contract management function, which establishes and maintains relationships with IFAs on behalf of the consortium, conducts quality visits, and manages performance against contract KPIs. The market has reflected positively on this progressive working relationship at provider engagement events.
6.	The framework has been beneficial for both providers and consortium members. As such, the intention is to replicate the success of the previous service contract and partnership agreement and to also build upon those achievements by strengthening the terms of the consortium partnership agreement and working collaboratively with IFAs to better provide for the more complex and therapeutic needs of some looked after children. In particular, the activities associated with the lead commissioning role for both the current IFA and children's residential care framework agreements have proven over time to be more resource intensive than originally anticipated, and the financial model underpinning the partnership agreement will be revised to reflect this going forward. We have also learnt from the lack of market interest in Lot 4 of the current IFA framework agreement, (Alternative to Residential Care), that collaboration with IFAs at an earlier stage to ensure specialist foster care placements are specified in a manner that is both coherent from a provider perspective and provides the purchaser with sufficient assurance regarding child outcomes and value for money.
7.	Southampton's demand for IFA placements remains high in relative terms, with Southampton's IFA placement numbers being the 3 <sup>rd</sup> highest in the consortium, with only Surrey/ Oxfordshire County Councils having greater demand for IFA placements. Supply of IFA placements remains, therefore, a key concern. All consortium members are finding it a constant challenge to source enough appropriate IFA placements due to a shortage of foster carers, and recent attempts to stimulate growth by offering IFA's guaranteed income through block contract have not been positively received by the market. However, consortium members do report that it is highly productive when workshops or working groups are created including IFAs in order to work through this concern, generating solutions to the lack of sufficiency in the market. When designing the next contract, we will also explore the possibility of including a similar quality standard such as an Ethical Care Charter, where providers have a minimum standard of support and investment in their staff. This has been shown anecdotally in other areas of social care to improve staff retention considerably and drive up quality standards, in turn improving sufficiency because more staff are attracted to these careers and less staff are leaving. It is also intended that market stimulation and direct work with regional IFAs to improve recruitment and retention of foster carers will be a key objective for the centralised contract management function provided on behalf of the consortium.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
8.	There is no upfront commitment for this re-tendering however if the contract proceeds on the current methodology, Southampton would be liable to pay the one

	off £10,169, share of the Project Management and Procurement cost and the annual Contract Management fee of £15,480. These costs are worked out using a methodology that calculates snapshot of the current IFA placements a Local Authority against the total number of placements all collaborating local authorities have and uses that percentage to calculate the share of the overall cost. The income for Southampton, should we lead the Procurement would be £92,277 (less our liability is £10,169), Southampton would also receive an income of £13,031 per annum in remuneration for the costs of acting as lead authority as well as legal and procurement expenses associated with reopening the contract annually.
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**Property/Other**

9. None

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

10. Southampton City Council has a statutory duty to meet the Sufficiency Duty placed on local authorities under 22 (G) of the Children Act 1989.

11. 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).

**Other Legal Implications:**

12. None

**CONFLICT OF INTEREST IMPLICATIONS**

13. N/A

**RISK MANAGEMENT IMPLICATIONS**

14. The primary risk associated with the proposal is not completing the procurement in advance of the current contract end date. This risk will be mitigated through robust application of project management principles and methodology.

**POLICY FRAMEWORK IMPLICATIONS**

15. The proposals contained in this report are in accordance with Article 4 of the council constitution local development framework and local area action plans

<b>KEY DECISION?</b>	<b>No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	The proposals could affect looked after children, young people and parents/carers from any ward, and specifically relate to improving outcomes for those local children and young people living in the Council's care as a corporate parent.

<b>Appendices</b>	
1.	IFA Regional Commissioning Consortium Project Budget
<b>Documents In Members' Rooms</b>	
1.	N/A
<b>Equality Impact Assessment</b>	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
<b>Privacy Impact Assessment</b>	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
<b>Other Background Documents</b>	
Other Background documents available for inspection at:	
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>
1.	N/A