

DECISION-MAKER:	CABINET MEMBER FOR CHILDREN'S SERVICES AND LEARNING
SUBJECT:	COLLABORATIVE PROCUREMENT OF INDEPENDENT FOSTERING AGENCY PLACEMENTS
DATE OF DECISION:	13 FEBRUARY 2012
REPORT OF:	ASSISTANT DIRECTOR OF CHILDREN'S SERVICES AND LEARNING
STATEMENT OF CONFIDENTIALITY	
None.	

BRIEF SUMMARY

Southampton City Council has led a sub-regional collaboration of 11 Local Authorities in the South East, commissioning Independent Fostering Agency (IFA) placements. The collaboration aims to:

- Improve outcomes for children and young people.
- Increase the availability of diversity in placement choice.
- Increase the number of local placements.
- Reduce placement costs.

The procurement exercise has resulted in a range of providers selected to join one or more of the framework contracts. The new contractual arrangements have improved value for money, and produced an actual financial saving, against current expenditure of 7.4%.

RECOMMENDATIONS:

- (i) To appoint the organisations set out in Appendix 1 to the frameworks and to delegate to the Head of Legal, HR and Democratic Services, following consultation with the Executive Director for Children's Services and Learning and the Head of Finance authority to enter into contractual arrangements with such organisations and to do all such ancillary activities as may be necessary to give effect to the proposals contained in this report.
- (ii) To delegate to the Executive Director for Children's Services and Learning the authority to purchase Independent Fostering Agency placements via those Framework Contracts, where placements are bought at a pre-agreed price on a spot purchase basis as required.

REASONS FOR REPORT RECOMMENDATIONS

1. The decision to go out to tender was based on the need to achieve better outcomes, improve choice and secure value for money in purchasing IFA placements.
2. A sub-regional collaborative approach to commissioning enabled Southampton to take advantage of increased scale, increased market power and transparency, and pooled commissioning capacity and capability.
3. Southampton City Council has a statutory requirement to meet the Sufficiency Duty placed on local authorities under 22 (G) of the Children Act 1989. It was recognised that a competitive tendering process would manage the market and ensure that the local placement needs of our children and young people could be met more effectively.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. Option 1 - Do nothing. This option was rejected, as the present arrangements are non-compliant and cannot be proven to obtain value for money.
5. Option 2 – Set up frameworks for Southampton as a stand-alone exercise. This option was rejected, as analysis suggested that greater economies of scale, improved outcomes (e.g.; placement stability) and better value for money could be obtained through a collaborative procurement process with neighbouring authorities.

DETAIL (Including consultation carried out)

6. Southampton is one of 11 authorities in the South East region that have formed a collaboration to pursue a joint commissioning approach to the procurement of IFA placements. The other authorities are: Hampshire, Portsmouth, Surrey, Oxfordshire, and the six authorities that make up Berkshire.
7. Southampton led the project on behalf of the participating authorities. Therefore Southampton will be the lead purchaser. This means Southampton enters into the Framework Contracts on behalf of all the authorities. The contracts indicate an intention to purchase places but not volumes, which will be dependent on the requirements of each authority.
8. Following the procurement process, Providers have been selected to join one or more of three frameworks contracts:
 - Framework 1 General Fostering Placements - 27 providers
 - Framework 2 Parent and Child Placements - 25 providers
 - Framework 3 Disabled Children Placements - 13 providers
9. Individual authorities who are permitted to use the framework will enter into their own call-off agreements for individual frameworks, purchasing placements directly with the providers as and when required. Southampton City Council will not be liable for these.
10. Providers have been contracted for three years initially, with the option to extend for a further two years.
11. The frameworks contracts will ensure that external placements are of a high quality. In order to join the frameworks, providers must have an Ofsted rating of 'Good' or above. Providers on each framework contract are ranked according to cost, and all referrals will go to the top ranked providers first and foremost.
12. The prices under the framework contracts are fixed for the first three years, and there will be no inflationary increase.

RESOURCE IMPLICATIONS

Capital/Revenue

13. The 2010/11 Southampton spend on IFA placements was £2.1m. The anticipated savings in the first year of the contract are 7.4%, representing a saving of approximately £160,000 based on the 51 anticipated placements identified as being required from 1 April 2012. This saving will increase or

reduce in line with any changes in placement numbers from the projected level. Current projections indicate that the numbers of IFA placements should reduce year on year, meaning that the annual cost saving from this exercise should also reduce in years 2 and 3 of the contract.

Property/Other

14. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

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

Other Legal Implications:

16. 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 procurement Rules (as embodied in UK law by the Public Contracts Regulations 2006), albeit the services procured are part B services so the procurement was not subject to the full regime.

POLICY FRAMEWORK IMPLICATIONS

17. The proposals contained in this report are in accordance with the Children and Young People’s Plan.

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All wards
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	List of organisations to be appointed to the frameworks.
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Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at: Commissioning Team, Ground Floor, Southbrook Rise, 4-8 Millbrook Road East, Southampton SO15 1YG

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable):

1.	Service Specification	N/A
2.	Framework Particulars	N/A
3.	Core Terms	N/A
4.	Monitoring Schedule	N/A
5.	Individual Placement Agreement	N/A