

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	Thursday 5 <sup>th</sup> October 2017
<b>Subject:</b>	Purchasing of Fostering Placements for Children and Young People		
<b>Report of:</b>	Head of Children's Social Care	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Children, Schools and Safeguarding		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes.
<b>Exempt / Confidential Report:</b>	No		

### Summary:

**The purpose of this report is to enable Cabinet to make decisions regarding contractual arrangements and future procurement of Fostering placements for children and young people.**

### Recommendation(s):

Cabinet is recommended to:

1. Authorise participation in the regional Dynamic Purchasing System agreement to be procured by STAR on behalf of all participating authorities, for future purchasing of independent foster placements from 1st April 2018.
2. Note the regional work undertaken in 2017/18, to determine the best approach for procuring Fostering placements from April 2018

### Reasons for the Recommendation(s):

Since April 2014, wherever possible and where no in house foster placements are available, fostering placements for children and young people have been procured through regional framework contracts.

When these regional framework contracts were originally entered into, they were entered into on the basis of a core contract period of 2 years with further optional extension periods of up to 2 years. It was anticipated at the outset that this extension would be taken up as part of the life of the contract, provided that the quality/price of services/goods provided under the contract are of a satisfactory standard and exercising the extension is considered to represent best value for the Council.

The primary purpose of building contracts around core and extension periods is to ensure that the quality of the contract is maintained throughout the life of the contract and to ensure that the Council, particularly at times of financial uncertainty has flexibility to bring contracts to a conclusion and/or is able to refine services and or goods received under the contract.

There are opportunities for new and innovative ways of procuring placements, but these have a mixed evidence base for efficacy in fostering and must be balanced against the risk of rising costs through a new tender. These include multiple authorities purchasing jointly from the DPS. A regional task and finish group was established to review the current arrangements, test alternative models and apply the learning from the residential retender to the fostering market, in order to confirm the best option from April 2018.

These are important and costly services and the alternative options to the recommendations would be likely to incur greater cost and more variable quality, hence the need to determine the manner of purchasing these placements ahead of the next financial year.

### **Alternative Options Considered and Rejected:** (including any Risk Implications)

Instead of continuing to procure placements through the existing regional Framework Contracts and their replacements, the Council could carry out its own full EU compliant Tender exercise; adopt an alternative Framework, or "Spot Purchase" placements from the market as they are needed.

Undertaking a full EU compliant process alone is not recommended because: the time required to complete the process would be the same as procurement of a regional framework and in this market the Council is unlikely to obtain better prices than through collaborative procurement; and the burden and resource required to ensure quality and safety of provision would be increased, requiring additional resource. Additionally providers have given feedback that they do not want to join lots of separate frameworks but would rather the local authorities worked together.

An alternative Framework Agreement is not recommended as the strength of the current framework is that 23 authorities sign up to and use it. To procure as a single authority would disrupt the market, it is likely that providers would increase their prices and the burden and resource required to ensure quality and safety of provision would be increased, requiring additional resource. The prices available through the current Frameworks are competitive and/or better than prices within known alternative Frameworks

Spot purchasing is not recommended as it would increase costs and the burden and Resource required to ensure quality and safety of provision would be increased, requiring additional resource.

### **What will it cost and how will it be financed?**

#### **(A) Revenue Costs**

Based on 2016/17 actual costs and number of placements, the anticipated annual cost for the contract period are as follows:

Regional framework for fostering placements is £3.225m per annum. This budget is currently in support of 47 Looked after Children with average net fees for Sefton of around £752 per week per child placement. This average unit cost compares quite favourably with other Districts in the NW where costs have reached, £933 per placement (based on 2016/17 shared data).

Current budget values within Children's Social Care are:

Independent Foster Placements £3,291,500 with an underspend of £0.583m forecast as at end of Aug 2017.

There are some risks as to whether the Council procures within a regional or single authority framework or spot purchases.

Local Authorities need to be alive to the risk of prices increasing, as the current prices paid have been relatively stable for the last 7 years. Controlled average prices have been underpinned by a growing use of IFAs with placement numbers increasing steadily across the Districts. However the number of children being placed through IFP's is declining. This decline however, could manifest itself through increased agency prices as Agencies seek to maintain their financial position with fewer demands, or equally, if demand were to drop across the region, costs may be forced down.

Additionally, all providers have the risk of increased costs through the implementation of living wage and the night time rates.

The Council is aiming to mitigate these risks by developing a detailed cost template for providers to complete. This will enable authorities to understand profit margin on placements and to work with providers to maintain manageable rates.

## **(B) Capital Costs**

**None**

### **Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>
Please see above
<b>Legal Implications:</b>
A Dynamic Purchasing System must be set up in accordance with the requirements of Reg 34 of the Public Contracts Regulations 2015
<b>Equality Implications:</b>
There are no equality implications.

### **Contribution to the Council's Core Purpose:**

<b>Protect the most vulnerable:</b>
The duty to provide or procure placements for Looked after Children (LAC) is explicit in the Children Act 1989. This has since been strengthened by the introduction of the Sufficiency Statutory Guidance (2010) and the Care Planning, Placement and Case Review Regulations (implementation April 2011). There is a duty of 'sufficiency' that requires Local Authorities and Children's Trust partners to ensure that, through provision or commissioning, a range of placements sufficient to meet the needs of all

LAC are available locally or that there is a plan in place to move towards that position.

In Sefton as in other areas a small number of children need to live away from their families, it is our responsibility as corporate parents to ensure that looked after children live in a stable, nurturing placement where they develop and grow and are able to go on to live successful adult lives. We look at a range of alternative care arrangements which include foster care, residential care and supported independent living and we need to ensure that a sufficient number, type and quality of accommodation is available in order to ensure the welfare and emotional / physical well-being of every child and that they reach their potential.

Facilitate confident and resilient communities:

Not applicable

**Commission, broker and provide core services:**

Commissioning is increasingly recognised as the primary mechanism for delivering better outcomes, while using resources more effectively. Sefton is developing a Commissioning Strategy for children in care and this will ensure that the principles that steer effective commissioning which will have a positive influence on improving outcomes. The placement needs of physically disabled LAC need particular consideration as do those with learning disabilities and ASD. As part of this strategy Sefton Commissioning will become more proactive in order to ensure ongoing quality and compliance. The Commissioning team is available to work with Social Work Teams, Independent Reviewing Officers and Complaints officers and will look into any contractual or compliance issues raised in relation to any contracted service.

For those children in our care a happy stable home life and successful placement supports the achievement of all other outcomes - Care Matters: Time for Change 2007 states that: "We need to ensure that children in care are provided with the one thing which they have told us makes the single biggest difference to their lives: being in the right placement". Good commissioning is crucial in raising the quality of placement provision, allowing good providers to flourish and providing an incentive for those who perform poorly to focus on improvement.

Place – leadership and influencer:

Not applicable

Drivers of change and reform:

Not applicable

Facilitate sustainable economic prosperity:

Not applicable

Greater income for social investment:

Not applicable

Cleaner Greener

Not applicable

## **What consultations have taken place on the proposals and when?**

### **(A) Internal Consultations**

The Head of Corporate Resources (FD.4854/17) and Head of Regulation and Compliance (LD 4138/17) have been consulted and any comments have been incorporated into the report.

### **(B) External Consultations**

Regional consultation co-ordinated by Placements North West continues to be completed with all providers and local authorities in regard to the:

- Contracting
- Framework detail
- Placement searching
- Cost detail

Provider events have given input on the early thinking of the working group and in particular on how best to understand cost, new referral mechanisms, targeting referrals to local placements, new purchasing models and how best to deal with complex placements.

Consultation methodology has included email engagement, provider meetings and local authority commissioning groups.

### **Implementation Date for the Decision**

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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### **Appendices:**

There are no appendices to this report

### **Background Papers:**

There are no background papers available for inspection.

## **1. Introduction/Background**

Sefton is committed to ensuring there is an improvement in quality assurance and compliance visits, a monitoring matrix will be developed based on risk, priority and needs. Strategic commissioning will work together with social care to understand where they can add value to the existing compliance frameworks delivered by IRO's and social worker's. We are also looking to include care leavers in compliance visits and to report back into the Children in Care Council.

Placements North West (PNW) is commissioned by a number of North West local authorities to coordinate and manage collaborative procurement in relation to placements for children and young people across those authorities. Collaboration directly with other local authorities and through Placements NW is an important part of market management and intelligence gathering around option appraisal and the cost / quality of provision.

There is an agreed North West protocol in place to support local authorities sharing internal fostering provision. Some North West authorities are already collaborating and, where appropriate, sharing spare internal cared for children accommodation capacity. Working together to make the most efficient use of our resources is vital. This approach also provides another way of prompting challenge to external providers to think creatively and to work in partnership.

Liverpool City Region is currently in the early stages of collaborating, discussions have taken place regarding a shared register of foster carers availability and shared access to those resources.

There are a number of collaborative procurement arrangements in place across the following geographical footprints:

Greater Manchester (Including Cheshire East)

Merseyside and Partners (Including LCR authorities, Cheshire East, Cheshire West and Chester, Wigan and Warrington)

Blackpool Framework (a single authority Framework)

Lancashire Framework (a single authority Framework)

In addition, Cumbria County Council and Blackburn with Darwen Council currently spot purchase placements.

The Greater Manchester and the Merseyside & Partners frameworks are similar models and are inter-operable, with users named on one framework able to use the other to secure placements out of area or at a distance.

In 2016–17 Sefton Council made 102 searches using the regional Foster Framework.

### **Regional Fostering Framework**

1. The North West (excluding Lancashire and Cumbria) has a shared regional framework for fostering placements. This is a well-established function first launched in 2010 and replaced on expiry in 2014. The current framework is for two years plus a further two options to extend annually to a maximum of four years, up to 31st March 2018.

2. The lead authority for this procurement exercise is Wigan STAR Procurement Team procuring on behalf of all the contracted Local Authorities detailed below:

Blackburn with Darwen Council  
Blackpool Council  
Bolton Metropolitan Borough Council  
Bury Metropolitan Borough Council  
Cheshire East Council  
Cheshire West and Chester Council  
Halton Borough Council  
Knowsley Metropolitan Borough Council  
Liverpool City Council  
Manchester City Council  
Oldham Metropolitan Borough Council  
Rochdale Metropolitan Borough Council  
Salford City Council  
Sefton Council  
St Helens Council  
Stockport Metropolitan Borough Council  
Tameside Metropolitan Borough Council  
Trafford Council  
Warrington Borough Council  
Wigan Metropolitan Borough Council  
Wirral Metropolitan Borough Council

3. Because STAR are again leading on the procurement, we are able to use the same base documentation that has been consulted on for the residential FPS. The consultation on that document resulted in a tremendous amount of feedback which has resulted in a much improved document.

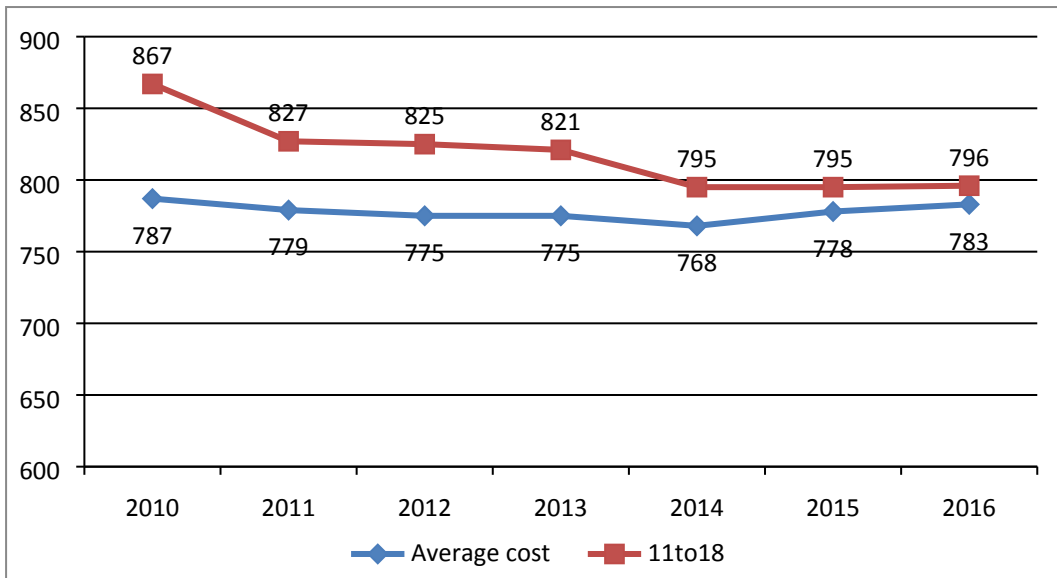
4. Framework Usage: Independent foster Agency (IFA) cost 2009 to 2016

The regional Fostering Framework has ensured relative consistency in price since 2010 and the re-tender in 2014. Providers have to date largely maintained their initial tendered price since the launch of the framework, one provider has reduced costs in 2016 and one provider made an initial request for uplifts which was rejected.

5. The contracting arrangements have proved successful for local authorities and providers. There is high usage with 94% of placements made on contract<sup>1</sup> and prices have remained lower than the average in 2009 of £815 per week.

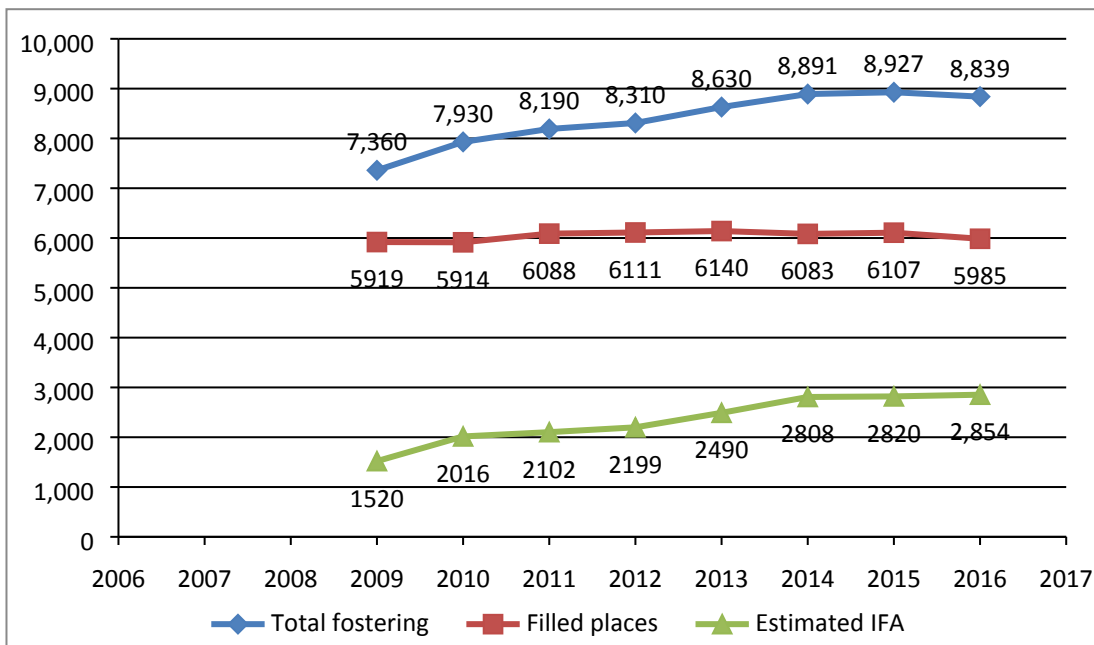
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<sup>1</sup> PNW Census 2016



Source: PNW Census data 2010 to 2016

- The controlled average price has been underpinned by a growing use of IFAs with placement numbers increasing steadily until 2015 when numbers plateaued. Data collected from IFA on households, and select follow up interviews suggest that IFA household numbers have declined in the last 12 months.



Source: 903 and Ofsted fostering dataset 2009 to 2016 (filled placements represents internally filled placement)

- Local Authorities need to be alive to the risk of prices increasing through the procurement process as prices paid have remained relatively stable for 7 years, and providers may no longer be confident of service expansion as a model of offsetting cost restraint. While the number of suppliers has increased, there has been increasing mergers, including two of the 'big 3' suppliers.



8. A simplified tender process, service specification and detail price guide will be developed within the DPS taking learning from Cumbria's model. There is a different cost model for fostering placements for young people aged 16 to 18. This should be considered splitting out from the age bands.
9. Tender models will reflect the current purchasing practice, including the removal of tiers, and a specialist model which reflects the need to deliver bespoke models at the point of referral. Opportunities for cohort purchasing to be built into the arrangement, but with a significant caution on the need for much greater exploration of potential activity.
10. The 'Enhanced Foster Care' Lot has not worked. Where LAs have wanted packages that go over and above the standard specification these have been very bespoke rather than fitting a model defined through the tender process. Therefore this would not be included within the final specification.
11. Providers are reporting very high volumes of referrals. The current model of referring to all providers was predicated on concerns in 2009 that routes to market were unclear and it was inconsistent or unequitable which providers were referred to and selected. This has led in 2017 to providers receiving an unmanageable volume of referrals some of which they could not reasonably take.
12. The need to tender every 4 years has resulted in a significant and regular volume of work which has reflected the needs of procurement legislation.
13. A working group has been established to look at how best to capture price in documentation and how to manage price in the tender documentation to offset inflationary risk as much as is practicable. This includes consideration of prices for 16 to 18 being separated out. The discount model will be reviewed, taking advantage of the learning from Cumbria.

**Table 1 List of fostering households by organisation over the last 6 years**

*Providers marked in purple indicate a merger of brands in the past 12 months  
 Black squares indicate the provider had yet to open or has closed in the NW.  
 Blue squares indicate a gap in historic data, numbers marked in blue squares with italics are estimates*

Provider	2012	2013	2014	2015	2016	2017
1st Affinity					4	6
24-7 fostering						3
Able Fostering	5	5		5	5	refused
Acorn House Fostering	19	15		12	12	16
Active Care Solutions					2	6
Alpha Plus Fostering	61	76		84	78	73
Young Foundations (now Alpha)	10	10		9	17	
Barnardo's	54	78		86	89	82
By the Bridge	56	56		66	74	107
Cambian Group	49	76		70	54	
Capstone Fostering	28	29		32	34	31
Care4children – The Fostering Team				15	15	20
Caritas Care	28	25		28	24	18
Caritas Diocese of Salford	12	10		13	12	10
CCATS						6
Child Action NW	43	43		55	52	42
Classic Fostering	18	23		28	29	32
Community Foster Care		2		8	14	12
Compass Fostering	53	23		17	71	125
Fostering Outcomes (now Compass)	10	14		33	38	
Complete Fostering solutions					1	
Excel Fostering	46	60		85	89	86
Families & Family Care	25	31		36	37	37
Five Rivers	2					
Flying Colours					1	
Foster Care Associates	249	297		331	285	239
Foster Care Link	20	10		7	7	9
Foster Careline	6	10		14	18	21
Foster Carers	12	15		23	30	
Fostering ltd					15	22
Fostering Co-Operative	12	8		7	24	15
Fostering Matters	7	7		7	10	10
Fostering People		34		10	56	48
Fostering Solutions	266	282		291	290	280
Fusion Fostering	4	4		9	19	14
Halliwell Homes				4		
Jigsaw	16	15		23		
Lorimer	51	46		43	40	41
National Fostering Agency	155	158		198	192	166
New Focas	16	16		16	17	17

Next Stage						1
Oasis	19					
Olive Branch						13
Orange Grove/Hillcrest Care	19	19		32	28	33
Parallel Parents (Care Today)	51	74		87	94	66
Park Foster Care	27	24		19	13	11
Perpetual Care						21
Regional Foster Placements						2
Safehouses North	35	33		31	29	24
SWISS	84	82		90	85	77
TACT	35	42		36	34	30
The Together Trust	49	52		61	59	48
Three Circle Fostering				43	58	63
Tree House Fostering	3	6		8	6	6
Tutis Foster Care					6	5
Welcome Fostering	1	3		7	5	
Total (including estimates)	1,656*	1,813*		2,079	2,172	1,994

\*Excluding Cumbria data