

SURREY COUNTY COUNCIL**CABINET****DATE: 25 FEBRUARY 2014****REPORT OF: MRS MARY ANGELL, CABINET MEMBER FOR CHILDREN AND FAMILIES****LEAD OFFICER: MR NICK WILSON, STRATEGIC DIRECTOR FOR CHILDREN SCHOOLS AND FAMILIES****MRS JULIE FISHER, STRATEGIC DIRECTOR FOR BUSINESS SERVICES****SUBJECT: BLOCK CONTRACT WITH HILLCREST CARE FOR 20 INDEPENDENT FOSTERING PLACEMENTS****SUMMARY OF ISSUE:**

The County Council has a statutory duty to provide suitable alternative accommodation for children that become Looked After either under Section 20 or 31 of the Children Act 1989. These placements include approved Foster Placements or with Residential Care. These placements will be provided within the Council's own in-house resources or via the Independent Sector.

As part of this provision Surrey County Council (SCC) has a block contract for 20 placements with Hillcrest Care Services Ltd (Hillcrest). This provider is an Independent Fostering Agency (IFA) providing independent foster carers. Last year Cabinet Member approval was given to extend this Block Contract with Hillcrest for a further year until 31 March 2014.

In 2013 Procurement and Commissioning reviewed the contract with Hillcrest and assessed the options regarding future delivery (beyond March 2014). Thorough review of the contract as well as future commissioning intentions resulted in a recommendation that a new 3-year contract is awarded to Hillcrest. Details of the options analysis are contained in Sections 16 to 20 of this report.

This report details the reasons why Surrey County Council wishes to award a new contract to Hillcrest. An annex containing exempt financial information is contained in Part 2 of the agenda (item no. 19)

RECOMMENDATIONS:

It is recommended that a new contract is awarded to Hillcrest for three years from 1 April 2014 until 31 March 2017.

REASONS FOR THE RECOMMENDATIONS:

Surrey County Council commissions its other IFA requirements through a Regional Framework Contract with 11 South East Local Authorities. This requirement was tendered in 2011/12. The Framework Contract started on 1 April 2012 and is due to end on 31 March 2017.

Under the Block Contract with Hillcrest, SCC pays one of the lowest rates for IFA placements in the South East of England. The Council is seeking to continue this best value arrangement until the Regional IFA Framework contract comes to an end. An award of a 3-year contract to Hillcrest will mean that both contractual arrangements for IFA placements will be aligned. This will allow a full option analysis to be carried out with Children's Services and Children's Commissioning and development of the placement strategy for the entire area of Looked After Children services.

DETAILS:

Business Case

1. The current block contract arrangement with Hillcrest offers SCC the best price per placement per week compared with an average placement rate per week with the South Central Regional Contract. Specific details regarding different rates are included in the Part 2 Annex.
2. Recognising the in-house Foster-Care Recruitment Strategy to recruit and retain foster-carers who live in Surrey, this contract will focus on recruiting foster-carers who live on or just over the county border within our neighbouring areas. This will support our ambition to generate more family-based foster-care placements as close as possible to the homes of looked after children and young people.
3. A new three-year contract will provide continuity of existing placements and prevent disruption. It will also, in line with proposed government legislation, enable those young people who are coming up to the age of 18 to continue in their current placements until they are 21.
4. If a placement on the Block Contract is to finish, the potential void is covered by a placement that is currently spot purchased from Hillcrest Care Ltd.
5. Hillcrest have worked with SCC for many years and have built up a mutually positive relationship. The children and young people have benefited from the consistency of care over this period.
6. The quality of Hillcrest and the placements they deliver are monitored on both quarterly and annual basis in relation to achieving specific KPIs. This is done on-line via the Regional Framework Contract. This system allows performance of suppliers to be easily compared across the south east region.
7. An annual review is also undertaken on the past performance including the quality of each individual placement. In addition, for the new contract, a new jointly designed framework for performance management and reporting will be put in place by Procurement and Commissioning. This will be monitored through

a series of agreed Key Performance Indicators (KPIs) detailed in the contract and reviewed on a quarterly basis.

8. Performance monitoring of Hillcrest demonstrates that the provider delivers a quality service, meeting the needs of the children and young people placed.

Background and options considered.

9. SCC have had a Block Contract with Hillcrest Care Services Ltd for a number of years. The number of placements on the Block Contract has varied between 20 and 30 placements. The agreement as to the required number of placements is closely monitored by Procurement and Care Services Team within Children’s Services.
10. Consideration was given to spot purchasing from Hillcrest either under the rates within the Regional Framework or the current spot purchase rates that Hillcrest charge SCC for placements outside of the Block Contract. These options were rejected on the grounds of value for money. Further details are included in the Part 2 Annex.
11. Another option explored was to go out to tender for 20 placements. This option had been considered when the requirements for the regional framework had been tendered in 2011/12, but the local authorities (LAs) decided that the cost/benefit ratio was not good enough for this option to be taken up.
12. A larger Block Contract with Hillcrest Care Ltd was also considered but rejected. The current service requirement is for 20 placements and formal commitment to more placements would increase a risk of incurring voids.
13. Therefore a block contract arrangement for 20 placements with Hillcrest was chosen. This will ensure a stable provision of placements at the lowest rates SCC can currently obtain.

Key Implications

RISK MANAGEMENT AND IMPLICATIONS:

Risk Description	Mitigation Activity
14. Small risk of placements not being made and voids could arise.	Constant dialogue with the provider and monitoring to date has ensured that voids have not arisen. Also, young people placed with foster carers will be entitled to stay with them until they are aged 21. This means that a number of young people who were expected leave within the next 18 months will stay for a longer period.

Financial and Value for Money Implications

15. Further details regarding the total cost of the Block Contract can be found in Part 2 Annex – Exempt information. (item 19)

Section 151 Officer Commentary

16. The Section 151 Officer acknowledges that the revised block contract will be at existing rates. These block contracted rates compare favourably with the spot purchased rates for the same Provider and against the regional framework.

Equalities and Diversity

17. The legislation within the Children's Act is quite clear on the reasons why a child or young person may live away from their families.
18. Any placement that we use will have met all the legal requirements under the relevant legislation and be registered with Ofsted and thereby meeting the National Minimum Standards. There are areas within this legislation that specifically cover Equalities and Diversity.
19. A detailed Equality Impact Assessment was undertaken and is attached as an Annex to this report.

Legal Implications – Monitoring Officer

20. The new contract for the proposed three year period will support the Council's statutory duty to provide suitable alternative accommodation for children that become Looked After either under Section 20 or 31 of the Children Act 1989.
21. The Public Contracts Regulations 2006 define this type of Service as a Part B service which means a full procurement exercise does not need to be undertaken to procure the Services, provided that the exercise followed complies with the open and transparent requirements as outlined in the Treaty principles.

Other Implications

22. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
23. Corporate Parenting/Looked After Children	<p>There will be instances whereby some children and young people will be placed with carers outside of Surrey to meet their assessed care needs which may include safeguarding or proximity to extended family.</p> <p>Within the scope of this contract we will look to minimise these occurrences by encouraging Hillcrest Care Ltd to provide local services closer to Surrey.</p>
24. Safeguarding responsibilities for	Looked After Children need to be

vulnerable children and adults	cared for within appropriate placements that are able to meet their assessed needs. All the placements that are provided by Hillcrest Care Ltd are approved in line with the statutory legislation and the services are inspected by Ofsted.
25. Public Health	No significant implications arising from this report
26. Climate change	No significant implications arising from this report
27. Carbon emissions	No significant implications arising from this report

WHAT HAPPENS NEXT?

Action	Date
Cabinet decision to award	25/02/2014
Standstill Period	2 weeks
Contract Signature	March 2014
Contract Commencement date	01/04/2014

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Consulted:

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Laura Langstaff – Head of Procurement and Commissioning
Paul Davies - Category Manager Children and Young People
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Annexes:

Part 2 Annex (item 19) – Exempt Information
Equality Impact Assessment - Annex

Sources/background papers:

none.

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