

**SURREY COUNTY COUNCIL****CABINET****DATE: 28 FEBRUARY 2017****REPORT OF: MRS CLARE CURRAN, CABINET MEMBER FOR CHILDREN AND FAMILIES WELLBEING****LEAD OFFICER: GARATH SYMONDS, ASSISTANT DIRECTOR, COMMISSIONING AND PREVENTION, CHILDREN, SCHOOLS AND FAMILIES****SUBJECT: SOUTH CENTRAL INDEPENDENT FOSTERING AGENCY (IFA) FRAMEWORK****SUMMARY OF ISSUE:**

In Surrey, we believe that for most children and young people the best place to live is with their family of origin and where necessary we will support parents and/or the extended family to provide an environment in which their child can grow and thrive. Unfortunately, in some circumstances the safest and most appropriate option is for the child to be taken into care. In this instance, and in line with the *Placement Strategy for Looked After Children 2016-2019*, placement officers strive to find a local placement that best meets the needs of the child with the ultimate aim of achieving permanency and improved wellbeing.

From 2015, the Surrey Corporate Parenting Board Strategy prioritised work on developing 'Placement Choice and Stability' to ensure that the requirements of our Sufficiency Duty are met. Wherever appropriate, looked after children are placed with local foster carers. However, sometimes in-house placements cannot be used due to matching considerations, the particular and often complex needs of the child, the carers' circumstances or limited availability of carers. In these circumstances a placement with an Independent Fostering Agency (IFA) is considered. Out of the 895 looked after children in Surrey, 648 are currently placed in foster care provision. 433 were placed with in-house carers, and 215 were placed with IFAs (as at 31 January 2017).

In order to effectively manage the IFA market and ensure good outcomes for children, Surrey has been an active member of the South Central IFA Framework since 2012 – a regional consortium made up of 11 local authorities. The current framework expires 31 March 2017 and in 2016, 14 local authorities came together to retender a revised Framework for 2017 – 2021. Entering the framework does not commit Council to any given level of expenditure, although we will contribute to contract management costs based on proportionate usage of providers under the Framework.

This report in conjunction with the confidential Part 2 report, demonstrates that by joining the recommended framework Surrey will continue to ensure that we have enough placement options available for our looked after children, the framework will provide certainty regarding the cost of those placements and secure value for money for local authorities, and outcomes will be robustly managed.

## **RECOMMENDATIONS:**

It is recommended that:

1. Following consideration of the available options, the results of the procurement process, and commercially sensitive information provided in the Part 2 Report, approval is given for the Council to enter into a Partnership Agreement for the South Central Independent Fostering Agency (IFA) Framework for the provision of Foster Care placements for the period 1 April 2017 – 31 March 2021.
2. Approval be given to award subsequent call off contracts to providers named on the Framework.
3. That delegated approval be given to the Deputy Chief Executive, in consultation with the Leader of the Council and the Cabinet Member for Children and Families Wellbeing, to award new framework agreements and subsequent call off contracts during the life of the framework.

## **REASON FOR RECOMMENDATIONS:**

The existing Framework will expire on 31 March 2017. In 2016 a total of 14 local authorities came together with Southampton City Council as the lead authority and a full tender process, compliant with the European Public Procurement Regulations and Procurement Standing Order has been carried out.

A decision is needed regarding whether or not Surrey County Council continues to be named as a purchaser on the new Framework.

If the Council does not participate in a Framework, it will only be able to spot purchase IFA provision or enter into Block Contracts from 1 April 2017 which potentially places the Council in breach of current procurement law (Public Contract Regulations 2015).

The forecasted spend for foster care placements with IFAs for 2016/17 is approximately £11.5m. A decision to spot purchase could see an increase in the weekly placement cost conservatively estimated at 5% (significantly more for emergency placements) and additional Council staff may need to be recruited to undertake the increase in workload associated with negotiating individual contracts and monitoring the performance of a large number of providers.

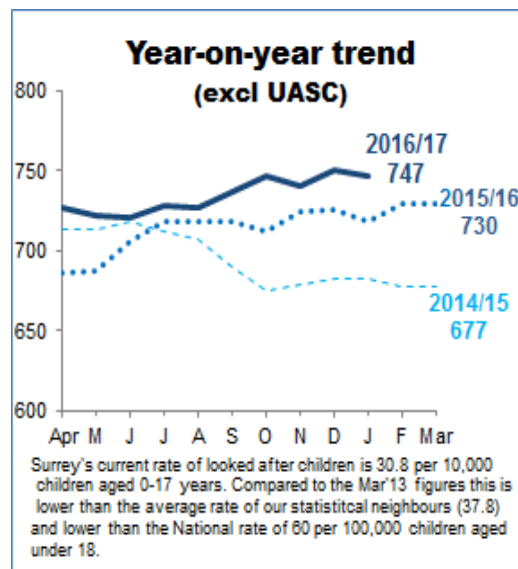
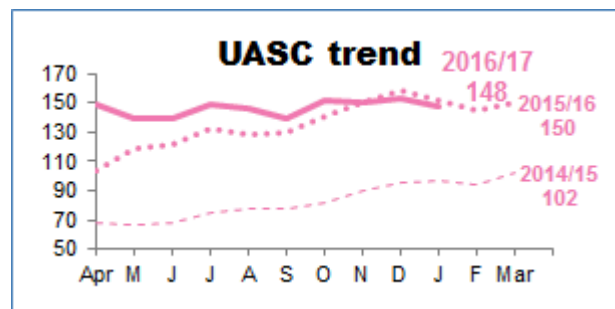
There is the potential for further reducing or avoiding costs under the new arrangements, through the use of Lot 4 (Alternative to Residential) placements and block contracts, as outlined in the Part 2 report.

## **DETAILS:**

### **Background**

1. Surrey County Council is committed to improving outcomes for all looked-after children, ensuring that their welfare is safeguarded and protected and that they have the same opportunities to develop relationships and achieve in life as those children who live with their own parents.

2. Historically, our numbers of looked after children have remained fairly stable. However, in 2015/16 we saw a significant increase alongside a changing needs profile, including an increase in numbers of unaccompanied asylum seeking children (UASC). As can be seen in the charts below, there are now 148 UASC being looked after in Surrey (80 UASC are placed with IFAs). It is important to note that even when we take UASC out of our data, there has also been a rise in the numbers of adolescents, sibling groups and children with multiple and complex needs coming into care, many on interim care orders and some through police protection orders.



3. It is a regulatory requirement for all local authorities to develop sufficient placements to meet the needs of looked after children, and where possible and appropriate, children should be placed within 20 miles of their original home address. This responsibility is referred to as our 'Sufficiency Duty'.
4. In the context of a national foster carer shortage, unfortunately, the cost of living, geographical location, house size and house prices reduce the pool of potential carers that can be recruited in the Surrey area, and also affects the ability of carers to be approved for sibling groups. Surrey also falls within the London commuter belt with career opportunities in the capital and the surrounding areas competing with foster care as a career choice. Many of the carers we currently have are part of the ageing population and may soon retire.
5. In order to increase the proportion of looked after children being placed locally, and to reduce the numbers of children placed with IFAs, the Council has invested resources to recruit and retain more Surrey foster-carers. The service has a target in place to recruit 16 additional foster-carers who are willing to care for those aged

11+ and a net gain of 6 enhanced foster-carers (above the April 2015 baseline) by 31 March 2017.

6. As outlined in the Surrey Foster Carer Recruitment Strategy 2016, our priority for recruiting and retaining new foster carers is to ensure that we have enough families with the right combination of skills and support to meet the needs of the higher number of children we now have in care.
7. Children's Services have recently restructured the fostering team to enable more efficient use of staff capacity. They are also working to increase awareness amongst the general population and enhance our offer to attract new foster carers. This will include looking at additional specialist support and training for Surrey foster carers and finalisation of the 2017 Marketing & Communications Strategy for the Fostering Service.
8. It is also important to note that within Children, Schools and Families (CSF), a great deal of effort is being invested into the development of the new CSF Commissioning Strategy (due to be presented to Cabinet in May 2017), which will have a focus on Early Help; recognising the importance of prevention and early intervention in supporting families and thereby reduce the numbers of children coming into care or requiring other statutory/acute services.

### Options Analysis

9. Several options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity associated with the new South Central IFA Framework:
10. Option 1 – Do Nothing.

If the Council had not played an active role in the retender process, it would only be able to spot purchase IFA provision from April 2017 exposing its position significantly to market powers. A decision to spot purchase could see an increase in the weekly placement cost conservatively estimated at 5%.

It is also worth noting that in February 2015, the Public Contract Regulations 2015 were passed into UK law. Under the new regulations, spot purchasing, non-compliant frameworks and Approved Provider Lists (APLs) will not be acceptable forms of procurement for services above specified financial thresholds (the current threshold is set at €750,000, or £589,148).

11. Option 2 – Take an active role in the retender process of the South Central IFA Framework.

Recognising the changes in the market place and the creation of some larger fostering agency providers, it is really important for local authorities to continue to work together to try to manage the market and maximise any savings that may come through efficiencies of merger. At the same time however, the collaborative needs to nurture and support smaller and medium sized enterprises (SMEs) who may bring a more unique offer to the market including highly specialist placement types.

Although there are early discussions taking place regarding the potential development of other regional collaborative arrangements in which Surrey could

get involved in, no other framework or joint procurement arrangement will be in place at the time our current arrangements come to an end.

As Surrey has been a member of the South Central IFA Collaborative since 2012, it makes sense to participate in the procurement of the new Framework, alongside local authorities with whom we already have a positive working relationship.

12. Option 3 – More Block Contracts instead of a Framework

Block contracts would enable us to have dedicated provision with specific providers, however this is dependent on the ability of the organisation to recruit and retain the right carers to meet the needs of our looked after children. Recognising the challenges within the market place, this option comes with a level of risk when foster-carers are in limited supply. An option to award Block Contracts has been specified within the framework agreement, which means we still have the option to award block contracts either alone or in partnership with other local authorities.

13. Option 4 – Surrey tender for their own Framework

Surrey could have tendered for its own Framework. However, it was considered that this would not provide the number of placement opportunities compared to the South Central IFA Framework and would also reduce leverage in the market which would be likely to lead to increased placement costs. It would also require an investment in additional staff members to undertake the increased workload associated with monitoring all of those additional contracts.

14. After a full and detailed options analysis it was decided that the preferred option was Option 2 because this demonstrated best value for money from the options appraisal completed.

15. A joint Procurement and project team was set up including representatives from Southampton City Council, Portsmouth City Council, Oxfordshire County Council, Bournemouth Borough Council, Dorset Council, Isle of Wight Council, Poole Borough Council, Surrey County Council, Reading Borough Council, Slough Children's Services Trust, Wokingham Borough Council, Bracknell Forest Council, the Royal Borough of Windsor and Maidenhead and West Berkshire Council.

### **Benefits of the South Central IFA Framework**

16. Working collaboratively with other local authorities with similar profiles of placements in the private and independent sector is recommended as good practice. The South Central IFA Framework 2012 - 2017 initially opened up the IFA market to Surrey creating more placement opportunities and enabled Surrey to work more collaboratively with other local authorities to shape the market and develop consistent practice.

17. By being a partner of the South Central IFA Framework for the provision of foster care placements to commence on 1 April 2017, the Council will be ensuring it has access to a mixed economy within the market and is able to develop sufficient placements to meet the needs of looked after children.

18. Frameworks such as this provide transparent and fixed pricing for the life of the framework, which avoids inflated costs being charged for placements being made at short notice.
19. Overall, there are a significant number of new providers offering placements under the Framework when compared with the previous Framework:

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

20. The framework is able to be re-opened for a short period of time on an annual basis for additional providers to join, providing even greater choice and further increasing competition within the market. Providers who already have a place on the framework will also be able to resubmit their prices at this time. However, any request to increase prices will have to be fully justified and approved by the Framework Project Board.
21. There is a wide body of research which suggests that, whilst residential care is the most suitable placement option for some children, it is extremely costly, and on the whole a stable and nurturing family environment leads to better long term outcomes for children, and is more affordable for local authorities.
22. The South Central IFA Framework has developed a new and unique 'Lot'. Lot 4 – Alternative to Residential Care is an innovative solution which will offer targeted interventions for children with complex needs, utilising highly skilled and resourced foster carers for a limited time period (up to two years) either to support children to move out of residential care or as an alternative to going into residential care. It is expected that once this intensive intervention/support has come to an end, the child will be able to transition into a 'standard' (Lot 1 – General) placement, delivering significant cost avoidance by reducing the need for high cost Residential placements.
23. There is also an option for Local Authorities to enter into a Block Contract arrangement, with providers on the framework, using the further competition process. This could also realise savings by negotiating lower weekly rates to those submitted in the tender. More details regarding potential savings and cost avoidance under the new Framework can be found in the Part 2 report.
24. As prices were fixed under the previous framework, an increase was expected. The average price increase of foster placements under the new Framework is less than predicted, and significantly less than inflation (more information can be found in the Part 2 report).
25. Performance will be monitored through a series of Key Performance Indicators as detailed in the contract and data will be collected on a quarterly, 6 monthly and annual basis and reviewed at the Annual Performance Assessment meetings.
26. Criticism of the previous IFA Framework focused on the lack of robust contract management provided by the lead authority. It was felt that in order to ensure the market is managed properly, each local authority involved in the collaborative should contribute to the cost of managing the framework, including the monitoring of outcomes and a good level of engagement with providers.

27. It was agreed that ongoing management of the South Central Framework will be led by Bournemouth Borough Council and will be funded through financial contributions from each partner local authority (including Bournemouth). These contributions will cumulatively total £100k per annum, although the proportion paid by each local authority will vary annually dependent on number of placements each local authority makes.
28. As the largest purchaser on the Framework, the indicative cost to the Council based on past usage should be no more than £20k p.a. This amount is subject to change, and could indeed be reduced as we find innovative ways to reduce our dependence on IFA provision. If Surrey were to pull out of the Framework, Bournemouth would need to scale back their contract management activities significantly, potentially putting the success of the entire framework at risk.

### Competitive Tendering Process

29. The contract has been let as a competitive tendering exercise. It was decided that the open process was appropriate because it gave the best opportunity to enable the required number of providers to join the framework. More information regarding the tendering process and outcomes can be found in Appendix 1.

#### **CONSULTATION:**

30. All key internal stakeholders have been consulted at all stages of the commissioning and procurement process and have helped to develop the strategy, design the specification and evaluate tenders.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

31. Potential risks of being a partner in the South Central IFA Framework

Category	Risk Description	Mitigation Activity
Financial	There may be a risk of not finding sufficient placements to fulfil our statutory obligations, leading to increased spot purchase.	The number of providers on the framework has increased from the previous framework providing more placement opportunities
Financial	Requests for price increases on an annual basis	Any request for a price increase will have to be fully justified and approved by the Framework Project Board.
Reputational	There may be a risk of not finding sufficient placements to fulfil our statutory obligations	The number of providers on the framework has increased from the previous framework providing more placement opportunities.

Reputational	Increased number of out of county placements	Ongoing work to recruit carers within the county as per the Fostering Strategy 2016
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### **Financial and Value for Money Implications**

32. According to the Institute of Public Care (IPC), working in a consortium gives local authorities scale and it is volume of business that helps drive savings through enabling providers to lower prices. The IPC Research (2015) shows that most consortia reported generating cashable savings and non-cashable savings in varying degrees (approximately 4-5% off spot purchased placement costs at a similar point in time) through working collaboratively. However the likelihood of securing further savings reduces the longer a consortium is in operation particularly if robust contract management is not in place. Indeed, many local authorities now share the view that the focus of consortia working should be on cost avoidance, transparency in pricing, and intensify efforts in monitoring and improving the quality of placements.
33. The Department for Education is also encouraging local authorities to commission on a much larger (regional) scale, and work more collaboratively with the independent sector to develop innovative, value for money services that better meet the needs of looked after children (*Putting Children First: Delivering our vision for excellent children's social care*, DfE, July 2016)

### **Section 151 Officer Commentary**

34. Financial and value for money implications have been considered and the details are shown in the Part 2 report.

### **Legal Implications – Monitoring Officer**

35. The Council's primary statutory duty under sections 22(3) and 22 A-F of the Children's Act 1989 to safeguard and promote the welfare of looked after children including their ensuing maintenance and accommodation needs; the Council's duty to fulfil its regulatory requirement to develop sufficient placements to meet the needs of looked after children, whilst improving the quality of fostering placements must be considered, against the significant increase and changing profile of looked after children.
36. In order to be best placed to fulfil the above duties we have decided to become a member of the South Central Independent Fostering Agency (IFA) Framework for the provision of foster care placements. This process has been compliant with the Public Contract Regulations 2015, specifically the 'Light touch regime' (Schedule 3 of the Regulations) and the Council's Procurement Standing Orders. The Cabinet needs to balance the Council meeting their duties against the increased forecasted costs of foster care placements if this framework is not entered into by 31 March 2017.



### **Equalities and Diversity**

37. Being a partner of the South Central IFA Framework will have a positive impact on equalities and diversity as it will improve placement choice and quality of provision and ensure a variety of placement options are available to meet the needs of children and sibling groups of all ages including children with disabilities and unaccompanied asylum seeking children.

### **Corporate Parenting/Looked After Children implications**

38. Being a partner of the South Central IFA Framework will assist Surrey in fulfilling its sufficiency duty (providing sufficient placement choice and stability) and ensure better outcomes for Looked After Children. Better outcomes will be achieved through joined-up partnership working with other local authorities, increased access to a broad range of providers across the south of England (including within Surrey's borders) and enhanced contract monitoring of independent providers.

### **Safeguarding responsibilities for vulnerable children and adults implications**

39. The robust contract management arrangements that will be put in place through the new South Central IFA Framework will ensure that placements made with independent fostering agencies will be monitored more closely than placements that are spot purchased. Regular monitoring through the framework will have a strong focus on safeguarding policies and procedures and ensure that the safety of children and young people in care is a priority at all times.

### **WHAT HAPPENS NEXT:**

The timetable for implementation is as follows:

<b>Action</b>	<b>Date</b>
Form & Seal Contracts	18 January – 17 February 2017
Place Contract Award Notice	21 February 2017
Cabinet decision	28 February 2017
Approvals Phase	21 February – 24 March 2017
Handover Frameworks to Contract Management	24 March 2017
Framework Commencement Date	1 April 2017
Placement of children with foster carers through Framework	1 April 2017 onwards

#### **Contact Officer:**

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#### **Appendices:**

Appendix 1: Competitive Tendering Process

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