

SURREY COUNTY COUNCIL**CABINET MEMBER FOR CHILDREN AND FAMILIES****DATE: 24 APRIL 2013****LEAD OFFICER: NICK WILSON STRATEGIC DIRECTOR OF CHILDREN, SCHOOLS AND FAMILIES****LAURA LANGSTAFF ACTING HEAD OF PROCUREMENT AND COMMISSIONING****SUBJECT: BLOCK CONTRACT FOR 20 INDEPENDENT FOSTER 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. These placements will be approved Foster Placements or Residential Care and are provided within the Council's own in-house resources or via the Independent Sector.

As part of this provision Surrey County Council has a Block Contract for 20 placements with Hillcrest Care Ltd. This provider is an Independent Fostering Agency (IFA) providing independent foster carers. The County Council wishes to continue with the Block Contract for 20 placements for the financial year 2013-2014, at the existing value of £706,420.

RECOMMENDATIONS:

It is recommended that the continuation of a Block Contract for 20 placements with Hillcrest Care Ltd be agreed for a further 12 months until 31 March 2014, at the existing annual value of £706,420.

REASON FOR RECOMMENDATIONS:

The extension of the existing contract will provide continuity of existing placements, prevent disruption and allow the Council to continue to benefit from good quality and good value services provided to the Children and Young People placed within Hillcrest Care Ltd.

DETAILS:

1. This report recommends that the Block Contract with Hillcrest Care Ltd for the provision of 20 fostering placements is extended until 31 March 2014. Benchmarking has shown that this contract offers comparatively low prices for the provision of independent fostering placements, when compared to other arrangements.

Background and options considered.

2. Surrey requires the use of foster carers with Independent Fostering Agencies (IFA), to supplement in-house provision. The current budget for placements

with IFAs for 2013/14 is £6.1 million. The current Block Contract costs £706,420 per annum.

3. Surrey County Council have had a Block Contract with Hillcrest Care Ltd for a number of years, the number of placements on the Block Contract has varied between 20 and 30 placements. The number of placements included within the Block Contract, is reviewed by Procurement and the Care Services Team Manager within Children's Service responsible for Agency Placements, on an annual basis.
4. The advantage of a Block Contract arrangement is stable provision of additional places at a comparatively low price. Under the Block Contract a placement with Hillcrest Care Ltd costs £679.25 per week, compared to £724 per week for the next cheapest provider that we use on the Framework.
5. A larger Block Contract with Hillcrest Care Ltd was also considered but rejected. The current service requirement is for 20 places, having a Block Contract for any more than 20 places would risk incurring voids at an additional cost to the Council.
6. The extension of the existing contract will provide continuity of existing placements, prevent disruption and allow the Council to continue to benefit from good quality and good value services provided to the Children and Young People placed within Hillcrest Care Ltd.
7. Surrey County Council commissions its other IFA requirements through a regional Framework Contract with 11 other Local Authorities. Entering into a block contract with Hillcrest Care Ltd gives a guaranteed minimum number of placements, the weekly rate per placement is a lower price on the proposed Block Contract with Hillcrest than through providers on the Framework. This will deliver savings of £46,540 for the period of the 12 month extension.
8. Hillcrest Care Ltd have worked with the Council for many years and have built up a mutually positive working relationship, the children we have placed with the carers have also benefited from consistency of care over this time. A 12-month extension will allow for these relationships to be maintained whilst also ensuring a quality service is delivered, offering value for money to the Council.
9. Quality of the supplier is monitored on a quarterly basis against the Key Performance Indicators (KPIs) included in the contract. This is through an online portal that allows performance of suppliers to be easily compared across the south east region. An Annual Review is also undertaken to detail the quality of each individual placement. Performance monitoring of Hillcrest Care Ltd demonstrates that the supplier delivers a quality service, meeting the needs of the children and young people placed.

Procurement and Commissioning Strategy

10. It was agreed with the Care Services Team Manager that a continuation of the current Block Contract arrangements with Hillcrest best meets their existing requirements.
11. Following discussions with Hillcrest it has been agreed that when a Block Contracted placement ceases, then an existing child on a SCC spot

purchased placement will transfer into the vacant Block Contracted placement at the reduced Block Contract rate. The contracted spot placement will cease for this child.

12. Surrey commission residential home accommodation from Hillcrest Care Ltd under a separate contract. As part of this contract we have negotiated an additional discount for all commissioning with Hillcrest; this currently saves the Council a further £50k per year.
13. Performance will be monitored on quarterly basis through KPIs and an Annual Review will be undertaken in May 2013 with the provider which will help to inform future commissioning intentions.

CONSULTATION:

14. Internal consultation has taken place within the Service and with the Council's Procurement, Finance and Legal teams.

RISK MANAGEMENT AND IMPLICATIONS:

15. There is a small risk of places not being required and creating voids. Constant dialogue with the provider and monitoring to date has ensured that voids have not arisen. This will continue throughout 2013/14.
16. The Council has the option of paying the full annual cost of the Block Contract in advance to receive an additional 5% discount, delivering a £35,321 saving that has already been factored into the overall contract cost. The recommendation is to pay in advance for the contract extension to 31 March 2014. Credit checks on the company have been undertaken and the risk of liquidation is considered to be minimal.

Financial and Value for Money Implications

17. This extension will be at the same rate currently paid for 2012/13. There will be no inflationary increase awarded, for 2013/14. The total cost of the Block Contract will be £706,420, which includes the £35,321 discount for advance payment. The cost per placement per week will remain at £679.75 per placement

Section 151 Officer Commentary

18. The Section 151 Officer confirms that the current funding for the continuation of these contracts into 2013/14 is within the Children's Services budget, agreed as part of the 2013/18 Medium Term Financial Plan. It is acknowledged that the continuation of these contracts is subject to a full review of the service requirements and specifications in the context of the wider commissioning intentions, during 2013/14. This review will inform the commissioning/procurement route to be undertaken.

Legal Implications – Monitoring Officer

19. These are Part B Services as defined in the Public Contracts Regulations 2006 and are therefore not subject to the full requirements of the Regulations in terms of publication of OJEU notices, etc. Nevertheless the Treaty principles should be adhered to in terms of openness, transparency, etc. A

contract extension of this nature is therefore contrary to the Treaty principles in that the Council is awarding an extension of an existing contract to the incumbent. However this has to be balanced against the risk of not providing these statutory services. Therefore it is important that the Council can demonstrate an intention to properly commission these services once it has refined its commissioning intentions.

Equalities and Diversity

20. The legislation within the Children's Act is clear on the reasons why a child or young person may live away from their families.
21. Any supplier that the Council uses will have met all the legal requirements under the relevant legislation and be registered with Ofsted, thereby meeting the National Minimum Standards. This legislation specifically covers Equalities and Diversity.
22. It is not proposed to alter the services delivered under the proposed contract extensions and therefore a new Equalities Impact Assessment (EIA) has not been completed. A full EIA will be completed as part of the Joint Strategic Review.

Corporate Parenting/Looked After Children

23. There will be instances whereby some children and young people will be placed with Carers outside of Surrey, where there are no specific reasons for this other than no suitable placements being available in Surrey.
24. However 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. Also through regular reviews and monitoring at the Area Panels ensure local services are available or commissioned to alleviate any disadvantage for these children and young people placed away from Surrey.

Safeguarding responsibilities for vulnerable children and adults

25. Looked After Children need to be cared for within appropriate placements that are able to meet their assessed needs. All the placements that are provided for by Hillcrest Care Ltd are approved in line with the statutory legislation and the services are inspected by Ofsted.

WHAT HAPPENS NEXT:

26. With the Cabinet Member's agreement, the Block Contract with Hillcrest Care Ltd will be extended for the financial year 2013/14.
27. Formal communication to Hillcrest Care Ltd regarding the extension of the existing contract will take place following the completion of the call-in period.
28. A formal review of the contract will be undertaken in May 2013 with the provider which will inform future commissioning intentions.
29. A consultation with the Children's Service, Children's Commissioning, Legal Services and Finance regarding future options will take place by September 2013.

Contact Officer:

Nick Woodward – Category Specialist – 01483 518861.

Consulted:

Care Services Manager – Children’s Service:

Head Social Care Commissioning;

Interim Children’s Category Manger (Procurement)

Acting Head of Procurement

Legal

Finance

Sources/background papers:

None

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