

# TOWARDS A FRAMEWORK CONTRACT FOR THE PROVISION OF INDEPENDENT FOSTERING AGENCY PLACEMENTS ACROSS WEST LONDON BOROUGHES

<b>Cabinet Member(s)</b>	Cllr David Simmonds Cllr Scott Seaman-Digby
<b>Cabinet Portfolio(s)</b>	Deputy Leader of the Council / Education & Children Services Co-ordination and Central Services
<b>Officer Contact(s)</b>	Merlin Joseph – Social Care, Health and Housing
<b>Papers with report</b>	None

## 1. HEADLINE INFORMATION

<b>Summary</b>	<p>The purpose of this report is to obtain Cabinet approval to lead a project designed to shape the Independent Fostering Agency provider market in West London. This report recommends that Hillingdon Council leads the development of a West London framework to ensure that the need of local authorities for fostering placements is met with a future supply of providers offering good quality and value for money.</p>
<b>Contribution to our plans and strategies</b>	<p>This proposal contributes to MTFF targets for a reduction in children's placement budgets over the next 3 years. It also assists the Council in adhering to the statutory requirement to ensure there are sufficient local placements for looked after children.</p>
<b>Financial Cost</b>	<p>The Project Initiation Document agreed by the West London Directors of Children's Services Programme Board sets out project savings ranging from 3% to 7% by implementing a sub regional framework.</p> <p>The budget for 2012/13 is £3,259k which for 2013/14 reduces to £1,700k as the MTFF Children's Placements Review saving takes effect (ref 1.4 appendix 6a of annual budget report). The annual savings for Hillingdon therefore are estimated to be in the range of £50k to £120k.</p> <p>The 2012/13 MTFF assumes a £80k potential saving and once tenders have been evaluated within the wider context of the Placements Review the MTFF saving for 2013/14 will be adjusted to reflect the outcome.</p>
<b>Relevant Policy Overview Committee</b>	Education and Children's Services
<b>Ward(s) affected</b>	All

## **2. RECOMMENDATION**

**That Cabinet:**

- 1. Agree that Hillingdon Council will lead the project to develop and tender a West London framework contract for the provision of Independent Fostering Agency placements on behalf of 9 West London boroughs, including committing procurement, legal, finance and commissioning resources to the project.**
- 2. Note the Cabinet Member for Co-ordination and Central Services' approval that the evaluation split for the tender process will be 60/40 in favour of price vs. quality in view of this being the preferred approach within the other local authorities participating in this project**

### **Reasons for recommendation**

#### **Recommendation 1**

The Council has a statutory obligation to provide fostering placements for looked after children. It is imperative that the right services are available when needed at the right cost and quality. This recommendation has been developed as the best method of achieving a number of objectives:

- To deliver efficiency savings to placement budgets across West London
- To improve the quality of placements for looked after children
- To improve the sub-regional supply of fostering placements

The framework agreement should enable greater cost control by using the collective purchasing power of the nine West London local authorities.

#### **Recommendation 2**

Hillingdon evaluates all tenders on the basis of 80% price / 20% quality, unless approved otherwise by the Cabinet Member for Co-ordination and Central Services. This notes that approval to vary this process to one which evaluates price and quality on a 60/40 basis. There are three reasons for this:

- The other eight participating boroughs have local policies in favour of a 60/40 split
- Previous West London collaborative procurement exercises have similarly been conducted on the basis of a 60/40 split including the West London homecare framework.
- Agreement has not been possible to move to Hillingdon's 80/20 in this regard.

### **Alternative options considered / risk management**

Hillingdon Council could decide not to lead the development of this project. However, the framework agreement is a critical element of the strategy to reduce the costs of children's placement. Due to the preferences of all the other participating boroughs, it is inevitable that the project would be based on a 60/40 price/quality split. This option is therefore not recommended as it provides no strategic or tactical advantage to the Council.

### **Policy Overview Committee comments**

None at this stage.

### **3. INFORMATION**

#### **Background**

1. The West London Children's Services Efficiencies Programme was launched in spring 2011 with participation from the 6 West London Authorities, (Hillingdon, Harrow, Hammersmith & Fulham, Hounslow, Brent and Ealing) plus Westminster, Kensington & Chelsea and Barnet. The programme includes a series of projects designed to deliver efficiencies within externally commissioned social care provision for looked after children and care leavers.
2. During 2010/11, the 9 boroughs collectively spent in excess of £65 million on external provision for looked after children, making them one of the largest purchasers of children's social care placements in the country. £34 million of this was spent on independent fostering placements with a total of 1,290 placements being made with over 90 providers.
3. West London boroughs currently have an over dependency on purchasing Independent Fostering Agency (IFA) placements on a spot basis. This method of procurement delivers few economies of scale, ensures it is extremely difficult to manage the market and control costs and does not produce security of obtaining services at the right time, the right price and the right quality. All West London boroughs need to deliver efficiency savings to placement budgets. Continuing to purchase independent fostering placements on a spot basis as individual local authorities will not deliver the savings required.
4. The way forward is to collectively operate as a large and influential group of local authorities. Jointly developing a framework agreement for the provision of independent fostering agency placements will exploit this combined purchasing power and develop a diverse market with clear pricing frameworks and specifications. This method of procurement is far more likely to deliver preferable rates with additional fee reductions built in for volume of placements, long term placements and discounts for the placement of sibling groups.

#### **Framework Tender**

5. It is proposed that the tender will be a two part process with an initial Pre Qualification Questionnaire (PQQ) ensuring a minimum level of quality, financial viability and compliance to statutory requirements. Successful providers will then receive an Invitation to Tender (ITT) which will further test quality of provision via written submissions, site visits, presentations and interviews. The ITT will also measure competitiveness in respect of core pricing, fee reductions and discounts made available to the West London Boroughs.
6. This report seeks agreement for Hillingdon Council to lead the project to develop the West London Framework on behalf of the 9 West London boroughs. An officer within Social Care, Health and Housing Directorate will be responsible for project management while the tender will be led by Corporate Procurement. Hillingdon Finance officers will be required to complete the financial assessment of submissions at the ITT stage. Officers from Hillingdon Legal Services will be required to oversee the production of all framework documentation including the provision of ongoing advice and support on issues arising. All boroughs will be asked to sign an access agreement agreeing to Hillingdon's terms and conditions and those of the contract award. Any costs (outside of staffing resources) associated with the project (such as legal, advertising etc) will be split by equally between the boroughs.

7. Other participating boroughs will contribute resource to the tender process by nominating officers to the evaluation panel to assess the quality of the submissions.

8. Following the development of the framework, the WLA in partnership with the West London boroughs will work with a number of successful providers to progress the development of more locally available services, reflecting the needs of the boroughs and addressing gaps in the market. Ongoing contract management on a West London basis will aim to ensure that performance is delivered to the requirements of the purchasing authorities.

### Evaluation of Cost and Quality

9. Hillingdon evaluates all tenders on the basis of 80% price / 20% quality. This report notes a variation from this approach to one which evaluates price and quality on a 60/40 basis. The key reason for this is that the project is a partnership with eight other authorities all of which have a local policy which reflects the 60/40 approach so in this regard Hillingdon is in a minority position. There is precedence for this as Hillingdon has participated in other West London collaborative procurement exercises on the basis of a 60/40 split including the West London homecare framework.

### **Financial Implications**

10. The Project Initiation Document for this project agreed by the West London Directors of Children's Services Programme Board sets out project savings ranging from 3% to 7% (based on 2010/11 placement spend) by implementing a sub regional framework. At the end of Q3 there were 107 children in these placements funded by Hillingdon at a total weekly cost of £86k.

11. The budget for 2012/13 is £3,259k which for 2013/14 reduces to £1,700k as the MTFF Children Placements Review saving takes effect (ref 1.4 appendix 6a of annual budget report). The annual savings for Hillingdon are therefore estimated to be in the range of £50k to £120k. The 2012/13 MTFF includes a potential saving of £80k and once tenders have been evaluated within the wider context of the Placements Review the MTFF saving for 2013/14 will be adjusted to reflect the outcome.

12. Other potential benefits include non-cashable savings:

- **More local placements** – By ensuring the development of more local placements there will be savings to travel time for social workers/Independent Reviewing Officers/monitoring officers.
- **Invoicing** – The framework will allow for payment in advance to some providers reducing the number of invoices to process. This may also attract additional discounts from providers as it improves a provider's cash flow. Where significant payments in advance are proposed suppliers will be subject to review in accordance with the Council's standing orders to ensure any payments made are not subject to financial risk.
- **Contract Management** – Commercial contract management of the framework will be facilitated by the WLA in partnership with boroughs. This will operate on a sub-regional basis delivering savings in officer time across all boroughs.
- **Placement searches/negotiation** - Having a framework of approved providers with tendered prices, discounts, specifications and referral processes will reduce officer time required for arranging placements.

## **4. EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES**

### **What will be the effect of the recommendation?**

By implementing a West London framework the Council will develop more local provision tailored to the needs of Hillingdon's residents. Placement options and choices for young people will be increased. Evidence shows all of these actions can improve the stability of a placement and reduce the cost (to children as well as the financial cost to the Council) of multiple placement breakdowns and moves .

### **Consultation Carried Out or Required**

Consultation across the 9 West London boroughs has taken place at Commissioning Manager, Assistant Director and Director of Children's Services levels.

## **5. CORPORATE IMPLICATIONS**

### **Corporate Finance**

Corporate Finance has reviewed this report and concurs with the financial implications as stated. It is also satisfied that the Children Placements Review saving is included within the current MTFF. The London Borough of Hillingdon's lead and participation in a project to develop and tender a West London framework contract for the provision of independent fostering agency placements, is anticipated to generate further annual savings ranging from 3% to 7%, or £50k to £120k per annum for Hillingdon. The current MTFF includes an assumed saving of £80k from this WLA initiative which will be adjusted once the tenders have been evaluated.

### **Legal**

Section 22G of the Children Act 1989 places a duty on a local authority to take steps to secure that children are provided with accommodation in its area. A local authority must have regard to the benefit of having a number of accommodation providers in its area which are sufficient to secure that outcome together with a range of accommodation in its area capable of meeting different needs.

This section is to be read in conjunction with the Care Planning, Placements and Case Review Regulations 2011 which bring together in a single set of regulations all the duties imposed on local authorities for making care plans and ensuring that children or young persons are provided with accommodation which meet their needs.

The first recommendation in the report is asking for Cabinet to approve that the Council should lead the project to develop and tender a West London framework contract for the provision of Independent Fostering Agency Placements on behalf of 9 West London boroughs. A framework agreement is an 'umbrella agreement' which sets out the terms [relating to for example price, quality and quantity] under which individual contracts can be let throughout the period of the agreement which is normally for a maximum of 4 years.

The second recommendation in the report is asking Cabinet to note the change in the evaluation criteria for the tender process to 60% price and 40% quality. A framework agreement

does give the participating authorities the freedom to determine what weighting should be given to price and quality but it is obviously important that there should be complete agreement in this respect. The agreement of this constitutes a departure from the usual criteria of 80% price and 20% quality which the Council adopts, however the reasons for seeking a variation in this instance are set out in the report.

## **6. BACKGROUND PAPERS**

None