

PLYMOUTH CITY COUNCIL

Subject: Cost and Volume for Fostering Contract Award
Committee: Cabinet
Date: 9 December 2014
Cabinet Member: Councillor McDonald
CMT Member: Carole Burgoyne (Strategic Director for People)
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Ref: C/V
Key Decision: Yes
Part: I

Purpose of the report:

This report relates to the provision of foster placements for children in care which are purchased from independent sector fostering agencies. There is no requirement to have a contract in place to purchase these types of placement, but to do so ensures that providers are contractually committed to provide high quality placements which focus on outcomes for Plymouth's most vulnerable children and young people. The contract also ensures that the prices paid for these fostering placements are transparent and fair.

Plymouth City Council has commissioned fostering placements through a Cost and Volume framework agreement since 2007, being joined by Devon County Council and Torbay Council in 2008 and 2010/11. Plymouth City Council is the lead commissioner. The current contract expires on 31st January 2015.

This Contract Award Report is to recommend the outcome of a Restricted Tender to provide framework agreements for the provision of independent sector fostering placements to Plymouth City Council, Devon County Council and Torbay Council. The tender was structured to achieve cost discounts against volume of spend, ensuring that if placements are commissioned they are done so at a preferential price, from suppliers able to offer placements of high quality. This report sets out the process undertaken and the recommended suppliers for contract award.

A separate private briefing paper is also submitted on the tender submissions which contains commercially confidential information.

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:

The tender process aligned with the Corporate Plan as follows:

Corporate Objectives	How the Cost and Volume tender aligned with the Corporate Plan
Pioneering Plymouth – we will be pioneering by designing and delivering better services that are more accountable, flexible and efficient in spite of reducing resources.	The tender included proposals to improve the performance of the contract both in terms of the quality of provision and the use of resources to ensure maximum value for money.
Caring Plymouth – we will promote a fairer, more equal city by investing in communities, putting citizens at the heart of decision-making, promoting independence and reducing health and social inequality.	Children and young people are at the centre of the new contract and specification, with emphasis on their view and supporting them to improve their health and social outcomes.

Corporate Outcomes	How the Cost and Volume tender will align with the Corporate Plan
The Council provides and enables brilliant services that strive to exceed customer expectations.	We endeavour to work with providers who are graded Good or above by Ofsted, and work closely with those graded adequate to support them to improve the quality of their provision.
A Council that uses resources wisely.	The tender aimed to improve value for money through increasing competition through the re-tendering of the framework, which has already demonstrated substantial savings.
Children, young people and adults are safe and confident in their communities.	The specification for the contract focuses on ensuring good outcomes for children in the care of the Local Authority through placing them with agencies with a good track record, where their interests, education, emotional stability and futures are priorities.
People are treated with dignity and respect.	As above – contract monitoring processes including site visits will ensure that this is a priority.

The tender also aligned to the values and principles of Cooperative Commissioning:

Values	Principles	How Cost and Volume will align with Cooperative Commissioning
Democratic	<p>Citizens and communities will be at the heart of all commissioning activity</p> <p>Commissioning decisions will be open and transparent</p> <p>Commissioning will seek to promote civic responsibility</p>	<p>We have followed Contract Standing Orders and taken the Contract Award through Cabinet to ensure that the decision made is open, transparent and responsible.</p> <p>The tender aimed to encourage foster agencies to support their carers to have a sense of parental and civic responsibility towards the children and young people in their care.</p>
Responsible	<p>We will commission for sustainability by prioritising</p> <p>early intervention and prevention</p> <p>We will commission for quality and</p>	<p>We acted as lead commissioner to ensure we lead the tender process responsibly and set good examples to those involved.</p> <p>We weighted the tender at 60% for quality</p>

	<p>outcomes</p> <p>Commissioning decisions will focus on delivering VFM and promoting social value</p>	<p>and 40% for price to maintain a focus on quality of provision but also VFM. The tender aims to improve value for money through increasing competition through the re-tendering of the framework, which has already demonstrated substantial savings.</p> <p>We have endeavoured to work with providers who are graded Good or above by Ofsted, and worked closely with those graded adequate to support them to improve the quality of their provision.</p> <p>Providers were tested at tender on their placement stability and ability to recognise and anticipate difficulties with placements.</p>
Fair	<p>Commissioning will focus on reducing inequalities and making Plymouth a fair City</p> <p>Commissioning activity will be needs and evidence based</p> <p>We will develop local, fair and sustainable markets</p>	<p>We have run an open tender process in line with Contract Standing Orders, to ensure that opportunities are equal for all.</p> <p>We have used up to date and relevant needs information to ensure the new contract meets the needs of vulnerable children and young people.</p>
Partners	<p>We will commission with a range of partners</p> <p>We will work collaboratively and coproduce public services</p> <p>We will promote citizen commissioning</p>	<p>We have worked in partnership with neighbouring local authorities to design and procure the new contract. We have also worked closely with the independent fostering market to ensure we commission a service that meets the needs of our most vulnerable children. We have ensured that partners feel they have contributed to the process.</p>

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

The Cost and Volume Framework agreements form a key aspect of ensuring that spend on placements for children in care is kept within financial plans. The savings achieved to date through the Cost and Volume frameworks have ensured that fostering spend per placement has been monitored and challenged over the last seven years. As a result we have been holding prices low at a time of increasing cost pressures on agencies.

The framework agreement does not preclude successful bidders from lowering their prices for individual children and young people during the life of the contract to achieve more placements at each options appraisal stage.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The framework agreements have implications for child poverty and community safety by aiming to provide a stable, equitable family environment for Plymouth children and young people to grow up in. Each child and young person will be supported to enjoy and achieve in their social lives and education and given opportunities which will enable them to transition to adulthood successfully.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

It is recommended that the seven fostering providers listed in the Part II Report are awarded a framework agreement.

Based on placement numbers and level of need staying the same as currently, and taking into account the impact of inflation, the tender is forecast to save £54,324.51 per year against current spend for Plymouth.

Alternative options considered and rejected:

Two possible alternative courses of action were considered and rejected:

Revert to market rates:

If the contracts were not extended and/or the service not re-tendered, individual placement prices would revert to the prices charged to the rest of the south west local authority market, which would be higher than currently paid, unless negotiated on an individual basis by commissioners. This would also require additional staffing to support children's placement brokerage to enable all prices to be individually negotiated. It was estimated that the overall financial impact (based on current prices and numbers in placement remaining the same) would be a rise in prices of £298,988 per year.

Reduce number of agencies:

It was possible to reduce the number of providers awarded a contract to place greater emphasis on the expectation of further reduced prices in exchange for exclusivity. There was a risk that if provider numbers are significantly lowered the supply of new placements would diminish across the provider market and innovation would reduce both inside and outside Cost and Volume. The decision was therefore made to limit the numbers of agencies awarded a contract to a reasonable level to ensure exclusivity but maintain supply – agreed with partners as seven providers.

Published work / information:

Not applicable.

Background papers:

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7
Equality Impact Assessment	X								

Sign off:

Fin	PeopleF CC 1415 001	Leg	ALT/21452.	Mon Off	DVS/ 21489	Strat Proc	MC/SPU/376/CP /1014
Originating SMT Member Alison Botham, Assistant Director for Children's Social Care							
Has the Cabinet Member(s) agreed the contents of the report? Yes							

INTRODUCTION

This Contract Award Report is to recommend the outcome of a Restricted Tender to provide framework agreements for the provision of independent sector fostering placements to Plymouth City Council, Devon County Council and Torbay Council. The tender was structured to achieve cost discounts against volume of spend, ensuring that if placements are commissioned they are done so at a preferential price, from suppliers able to offer placements of high quality. This report sets out the process undertaken and the recommended suppliers for contract award.

I. BACKGROUND

Plymouth City Council has commissioned fostering placements through a Cost and Volume framework agreement since 2007, being joined by Devon County Council and Torbay Council in 2008 and 2010/11. Plymouth City Council is the lead commissioner. The current and previous Cost and Volume for fostering contracts have resulted in significant savings against market rates on the Independent Sector Placement budget for Plymouth City Council since 2007 (until September 2014) of 1,290,145.55 against a total spend of 19,036,540.65. In effect, the Cost and Volume providers have provided Plymouth City Council with discounted prices for 7 years, and although the cost of delivering the service has risen during that period this has not been passed on to the local authority. The current contract expires on 31st January 2015.

This provision is only one aspect of the commissioning of foster placements for children in care, with Plymouth City Council's in-house Fostering Service continuing to expand and to provide the majority of fostering placements alongside a dedicated parent and child placement service. Where placements with Independent Fostering Agencies (IFA's) have been needed, the framework agreements have resulted in many stable placements for Plymouth children, achieving positive outcomes.

It is a priority to ensure the local supply of high quality foster placements for children in care – evidence shows that if we are able (if appropriate and safe to do so) to maintain children and young people in a family setting within the city to sustain all their education, family and social networks, they are likely to achieve more in terms of educational and social outcomes and be happier in their adolescent and adult lives. We want to minimise the number of children and young people who need to leave the city and be placed in either fostering or residential placements away from Plymouth.

Prior to tender there were seven IFA's on the existing Cost and Volume agreements. These are laid out in the Part II report. 75 Plymouth children and young people in care are currently placed in IFA placements. Of these, 93% are placed with the existing Cost and Volume providers.

2. PRE TENDER SELECTION CRITERIA

The tender was run as a Restricted process for a 2 year and 2 month contract in line with Co-operative Commissioning principles. The contract will expire on 31st March 2017, which will align the new contract with the Peninsula timescales for procuring a new independent sector placement provider list across the far south west. This will enable any future re-procurement of Cost and Volume to be considered alongside wider issues relating to the Peninsula placement provider market. This will also include any impact from a potential Judicial Review against a number of local authorities (not including Plymouth) nationally which relates to how the provider market is used alongside the in-house fostering service. A shorter contract will also maintain the focus on the provider market continuing to offer value for money at a time of considerable budget constraint.

A key aim of the Tender was to encourage new providers to focus on providing foster placements within and near to Plymouth. The Tender was therefore advertised to all of the fostering agencies operating in the south west, including those currently approved by Bristol City Council to provide foster placements.

The pre-qualification process (PQQ) tested the providers on the following policy areas, as well as the standard pass/fail and scored areas covered at this stage of procurement (references, financial checks, health and safety etc):

- Safeguarding
- Complaints
- Behaviour management
- Safer recruitment

These policy checks mirrored those already carried out by the Peninsula local authorities to establish the provider list for independent sector fostering, residential and special school provision in the south west.

Only agencies with a current Ofsted grading of Outstanding or Good were eligible to apply. Providers currently graded Adequate had to include an action plan for how they are going to improve to Good or Outstanding which was to be assessed as part of their pre-qualification pack.

Eleven providers submitted Pre-Qualification Questionnaires. The pass mark for this stage of the process was 66.52 based on providers achieving an equivalent score of "adequate" in all areas. The scores achieved by the providers are contained in the Part II report.

3. TENDER EVALUATION METHODOLOGY

The Invitation to Tender was weighted as 60% for quality and 40% for price, in order to maintain the focus on quality while placing greater emphasis on pricing than at the last tender when price was weighted at 30%. Seven providers with the highest score are to be awarded a contract. This decision was based on provider feedback that if the contract retains a measure of "exclusivity" this is more

attractive to them and likely to lead to more preferential prices, balanced against the need for greater supply of foster placements.

Quality considerations:

The Invitation to Tender included three method statement questions and a young person’s panel:

Method statement question	Weighting – 60% for Quality
Placement stability and matching - how providers will match children and carers and support placements to ensure they are maintained long term.	10%
Child Sexual Exploitation (CSE) – we obtained permission from the Office of the Children’s Commissioner to use the real life account of a child victim of CSE, written in her own words and included in the Office of the Children’s Commissioner report, “Inquiry into Child Sexual Exploitation in Gangs and Groups”. Providers will be asked how they would work with this child to make sure she is safe, reduce her levels of risk and achieve a positive outcome for her.	15%
Placement sufficiency and recruitment – providers will be requested to provide current carer numbers in the three local authority areas and set targets for carer recruitment which will be used as part of performance monitoring during the period of the contract. Providers will also have to describe how they will achieve these levels of recruitment.	25%
Young person’s panel - providers had to present to two Plymouth City Council care leavers on the following subject: <i>How will your agency ensure my voice is heard as the person at the centre of the foster placement?</i>	10%

Method statement three is included at Appendix One as an example of one of the method statements used in the tender process. This was felt to be effective at testing providers in a highly important area of their practice - their response to a real victim of Child Sexual Exploitation. The Office of the Children’s Commissioner were impressed that Plymouth City Council had asked to use the case study in this way.

Price considerations:

Providers were asked to submit prices for two periods of time: 1st February 2015 until 31st January 2016, and 1st February 2016 until 31st March 2017.

An overall aim of the tender was see current prices reduced or frozen. The forecasted spend for Plymouth with the Cost and Volume providers for 2013/14 was £2.296 million. A 1% reduction based on this figure would equate to approximately £22,900 per year in savings for Plymouth City Council (£68,700 if inflation at 2% is taken into account). If prices were to be frozen at 2013/14 rates, then, taking into account a rate of inflation at 1.6% (July 2014), this would represent an actual saving of approximately £36,736 per year.

Another aim at business case stage was to introduce age bands to the pricing schedule to ensure that if children aged 0-8 are placed in independent sector placements, a lower price is paid to reflect their needs. Providers were also asked to submit prices for parent and child placements as part of the tender.

In terms of scoring the pricing schedule, providers submitted prices to be scored in the following three areas, which enabled focus to be made on the most commonly used areas of pricing:

- Weekly prices for most commonly used placements, including those aged 8+, those aged under 8
- Market rate (outside Cost and Volume) versus Cost and Volume price
- Volume/spend discount

Changes to volume discounts:

An aim of the tender, as outlined in the business case was to improve the way in which volume discounts are captured under the new contract. The current system calculates discounts based on the number of children in placement, regardless of the cost of those placements. This leads to reduced value for money as the complexity of need has increased - over the last three years the number of singleton or complex needs placements has risen, and these are priced at a higher cost than a standard placement. This additional spend is often as much as £400-600 per week per placement. Currently enhanced fees are paid for 16 Plymouth children, 22% of the current cohort.

The new contract will calculate volume discount based on actual placement spend across Plymouth, Devon and Torbay. The tiers of spend were calculated by gathering together the current levels of spend with the cost and volume providers across Plymouth City Council, Devon County Council and Torbay Council per provider per quarter. This ensures that the tiers of spend are designed to reflect the different sizes of the fostering agencies in the south west. Further detail on the tiers of spend against current providers is set out in the Part II report.

Providers will carry out this exercise every quarter, to avoid the financial risk of the local authorities not receiving this income regularly and to assist with internal forecasting and budget setting.

4. QUALITY & PRICE EVALUATION

The Invitation to Tender (ITT) stage was sent to Suppliers via ProContract on 2nd July 2014 with a deadline of 28th July 2014. All ten of the providers who had passed the PQQ stage submitted a bid:

The submissions were evaluated by a team of evaluators drawn from the three local authorities. The evaluation team of practitioner and commissioning representatives included experts in CSE, safeguarding and fostering services.

The panel was by the Plymouth lead commissioner in partnership with the Council's participation provider Young Devon. Nine of the ten providers were able to attend the rearranged date. Barnardos were unable to prioritise the new date and were given the opportunity to film their presentation and submit it on a DVD. Advice was sought from Legal Services and this was agreed as an appropriate approach, on the condition that providers were alerted to the risks of not attending in person (such as the young people not being able to view the DVD together).

The threshold for the ITT was that the seven highest scoring providers would be awarded a contract. The scores achieved are included in the Part II report together with an analysis of the impact of the prices which were submitted.

5. RISK EVALUATION

The following risk table was included in the business case for the tender. The right hand column indicates whether this is still considered a risk for the implementation of the contract.

Risk	Severity	Mitigation	
Providers unable to deliver services to meet new design of pricing schedule	Medium	Provider consultation event to be held in January 2014 to discuss the tender and proposed changes. Providers will be able to express concerns and raise queries.	Providers have responded well to the challenges of the new pricing schedule, as illustrated by the savings set out above.
Tender process not completed on time	Low	The tender timescales allow a realistic amount of time for the tender process to be completed. If this is not possible due to unforeseen circumstances, agreement to a further period of extension would be sought.	The tender is at contract award stage and is still on track to be completed on time.
Resourcing the tender process, including evaluation, at a time of limited resources and high workloads	Medium	Plymouth City Council, Torbay Council and Devon County Council to equally share responsibility for resourcing the tender process including identifying personnel with expertise to support the evaluation process.	This has not proven to be an issue, however we would in future seek a financial contribution from our partner authorities in order for Plymouth to be lead commissioner on the tender process as the work involved for the lead authority is significant.
Impact of Cost and Volume on the fostering market outside the contract – in terms of providers receiving limited referrals and the impact this will have on their business.	Medium	The Peninsula Commissioning and Procurement Partnership are undertaking market development work with providers across the south west and beyond to ensure they are supported to continue to grow their businesses locally.	Providers outside Cost and Volume are already indicating they are keen to continue and develop conversations on price and sufficiency with their individual agencies.
It is anticipated that a number of local authorities will be taken to Judicial Review during 2014 by groups of independent fostering providers. The case seeks to challenge local authority practice of searching in-house fostering for availability before seeking an independent placement. Currently Bristol, Sussex and Leeds are expecting to be challenged.	Medium	Watching brief to be kept on the situation as it arises – commissioners from Devon County Council have established links to local authorities currently being challenged.	This has still not happened and there are no indications that it is imminent.

6. CONTRACTUAL/LEGAL EVALUATION

The contract used will be the National Fostering Contract for the Placement of Children and Young People with Independent Fostering Agencies. This is the contract currently used by the Peninsula Commissioning and Procurement Partnership and is issued to all independent fostering agencies who have successfully passed the Peninsula quality criteria. A variation has been included in the specification to incorporate any areas requiring additional focus or clarity for example the section on Staying Put placements has been strengthened. The contract has been checked and approved by Plymouth City Council's Legal department.

APPENDIX ONE:

Method statement three - Child Sexual Exploitation:

Below is the real life account of living with Child Sexual Exploitation (CSE). This is Tamzin's story, written in her own words and is included in the Office of the Children's Commissioner report "Inquiry into Child Sexual Exploitation in Gangs and Groups". Please describe how your organisation would work with Tamzin to make sure she is safe and supported and achieve a positive outcome for her. The case study has been reproduced with the permission of the Office of the Children's Commissioner.

"Dear Devil,

Insecurity was the problem...

Girl open your eyes overlook he's handsome features all the money he makes overlook the streets, the drugs, the scandalous lifestyle.

Overcome the charming behaviour, the soft lips, the sweet scent lingering on his neck, overlook the baggy jeans, the fresh trainers overcome the swag...In the beginning I loved the life I led I wish I overlooked all the superficial things I by passed his huge arms da way he looked at me...

Why didn't you listen to your head? And not your heart why didn't you be smart? You ignored all the warnings...I fort I loved him I just wasn't ready...

Yes you was my everything I dedicated my all to you, at the beginning you were my morning noon and night.

Why did you change? Why did you become obsessive? Why did you hurt me and treat me like a trophy something that belonged to you "your property" was i your girl or your belonging an item to misuse and mistreat.

I was a good girl I would hold drugs I did the dirt I was well respected hood royalty always kept fresh never embarrassed you, kept my hair neat spoke when spoken to some would say I was perfect "wifey material" obviously not enough.

I rided for you then you turt crazy started moving crazy insecure, demanding so angry... Tryna controle my whole life how I dressed spoke walked.

The first two years was amazing we had so many good times the person controlling my mind. Wasn't you it wasn't my baby that was the devil.

The devil never took no 4 an answer. He controlled my mind got so deep I was blind to the abuse.

I was a strong girl you made me weak broke me down took away my innocence the first time you took me thats when I was lost forever I scrub my skin till it bleed yet I still felt so dirty.

What you did made me sick my dream life became a nightmare in a matter of months my heaven became hell. My glorious days were stolen I was forced to indulge in things not even 50 year olds could cope with. I

tried to stay strong but I was so damn weak the boiling showers didn't help the pain is still there, it always will. You made me feel worthless ugly like damaged goods i was strong on the outside and oh so very weak on the inside...

What don't kill you only makes you stronger you may have taken somethink I can never get back but I can honestly say I'm so strong today not you or anyone else will ever get into my mind again, my wounds will never fully heal but I'm stronger than ever I can talk about my experiences with my head held high because I am far from damaged good I am a fighter a young girl with experience and a wonderful life ahead of me you will never ruin another life again.

Life is beautiful xxx"

Providers needed to be able to demonstrate:

Awareness of need to support the child/young person through a criminal trial if required

Understanding of the signs of CSE

Processes in place to risk assess for CSE

Training for staff and carers specific to identifying and supporting those experiencing CSE

Processes in place to escalate concerns appropriately

Understanding of how to gather evidence and complete recordings

Challenge provided to other parties if concerns aren't being escalated

Focus on the child/young person – specific strategies attempted to support them

Focus on outcomes for the child/young person

Understanding of locally available services to support children/young people who are victims or at risk of CSE