

PLYMOUTH CITY COUNCIL

Subject: Contract Award report for Peninsula Fostering Tender
Committee: Cabinet
Date: 16th January 2018
Cabinet Member: Councillor Beer
CMT Member: Carole Burgoyne (Strategic Director for People)
Author: Emma Crowther, Strategic Commissioning Manager, Co-operative Commissioning Team
Contact details Tel: 01752 304009
email: emma.crowther@plymouth.gov.uk
Ref:
Key Decision: Yes
Part: I

Purpose of the report:

This report relates to the outcome of a far south west Peninsula tender for the provision of local foster placements for children and young people in care. These are placements which are purchased from independent sector fostering agencies, additional to the provision offered by local authority fostering services. There is no statutory requirement to have a contract in place to purchase these types of placement, but to do so supports local authorities to ensure that providers are contractually committed to provide high quality placements for our most vulnerable children and young people. The contract also ensures that the prices paid for independent fostering placements are transparent and reflect value for money.

Since 2006 Plymouth City Council has collaborated with Cornwall Council, Devon County Council, Torbay Council and Somerset County Council to commission placements from the independent sector. All five Peninsula authorities have again collaborated to tender a new contract for independent fostering placements. A previous tender for this market had been attempted in 2016, but was not able to be awarded (see Part II report). As a result, the approach taken was reconsidered, including feedback from the provider market.

This contract will replace all current fostering contracts, namely the Peninsula Fostering Framework (all Peninsula Authorities) and the Cost and Volume for Fostering Framework (Plymouth, Devon and Torbay). Devon County Council led the procurement on behalf of the Peninsula authorities.

The two main drivers for the current tender were to increase local supply (choice of placements for children and young people) and enable additional scrutiny and transparency of weekly prices. Therefore the tender encourages providers to recruit local carers and requires breakdowns of weekly placement prices. Providers are ranked according to their prices, but placement decisions are predicated on meeting the needs of the child or young person through the skills of the carer and location of the placement.

All current contractual arrangements expire on 31st March 2018. This Contract Award report recommends the award of new contracts to begin on 1st April 2018, for a period of four years. The current anticipated spend across all five Peninsula authorities during the contract is anticipated to be £115 million (£4.7million per annum for Plymouth).

This report sets out the tender process undertaken and the recommended suppliers for contract award. A separate Part II paper is also submitted with information on the tender submissions and the outcome of the tender which contains commercially confidential information.

The Corporate Plan 2016-2019:

The tender process aligned with the Corporate Plan as follows:

Corporate Objectives	How the Peninsula tender aligned with the Corporate Plan
Pioneering Plymouth – we will be innovative by design, and deliver services that are more accountable, flexible and efficient.	The tender included proposals to improve the performance of the contract both in terms of the quality and local availability of provision and the transparent use of resources to ensure maximum value for money.
Caring Plymouth – we will work with our residents to have happy, healthy and connected communities where people lead safe and fulfilled lives.	Children and young people are at the centre of the new contract, with emphasis on enabling them to live within a family setting and receive appropriate support to improve their life chances and outcomes.

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

This Contract Award report relates to existing spend that will be set against the proposed budgets for independent sector placements for 2018/19 and beyond. The financial impact of the tender is set out in the Part II report.

The new Peninsula fostering contract includes the following provision. This ensured that all fostering related tasks were incorporated into one contract and minimised the cost of running multiple procurements, for both the local authorities and the providers:

- Standard foster placements including Staying Put Arrangements
- Enhanced foster placements for children and young people with significantly complex needs who require a package of support to prevent escalation into residential care.
- Parent and child foster placements

Standard foster placements form the majority of the placements made under this contract.

The Peninsula fostering contract is part of a suite of actions aimed to ensure that spending on placements for children and young people in care is kept within financial plans. This tender aimed to achieve transparency of price and encourage stability in the provider market to enable effective recruitment of new foster carers. It is a key aspiration that children and young people in care have the opportunity to live in a family based placement; for this to be successful, fostering agencies require a measure of stability (financial and performance) to attract prospective foster carers who have a wide range of choice of agencies.

A foster placement with an independent agency is considerably lower cost per week than a residential children's home placement (see Part II paper for figures); increasing the supply of available foster placements is cost avoidance on residential spend.

Provider submitted four years of prices for the tender; this enables more accurate longer term financial forecasting for the local authorities. This does not preclude successful bidders from lowering their prices for individual children and young people during the life of the contract if they so wish.

For call-off from the contract (placement of individual children and young people), providers will be ranked based on their prices. This is so that if a choice of placements is offered where the ability of the carer to meet needs and the location of the placement are equal, price will be the determining factor for which placement is chosen. This is designed to continue to incentivise providers to remain competitive on price but also recruit local carers.

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

The contract will 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, provided by highly skilled foster carers. All children and young people placed will be supported to have opportunities to socialise appropriately with their peers and be encouraged to prioritise their education and emotional health and wellbeing.

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

It is recommended that the 15 fostering providers listed in the Part II Report are awarded a contract. The financial impact of the tender is set out in the Part II report.

Alternative options considered and rejected:

Two possible alternative courses of action were considered and rejected:

Revert to market rates:

Both of the current contractual arrangements (Peninsula framework and Cost and Volume framework) are due to expire on 31st March 2018 with no options to extend unless through exemption. If the contract was not tendered, individual placement prices would revert to the spot purchase prices charged nationally, which are likely to be higher than currently paid, unless negotiated on an individual basis by commissioners. This would require additional staffing to support children's placement brokerage to enable all prices to be individually negotiated.

Tender as individual local authorities:

Each local authority had the option to tender individually for a new contract for foster placements. However, this would involve each authority investing resource to carry out a separate tender process, effectively duplicating the work of the Peninsula. This would also place an additional burden on fostering providers to respond to more than one tender. This approach would not have taken into account any benefits of the Peninsula Authorities collaborating commercially; with an annual spend of approximately £28million across all five Peninsula Authorities on fostering, parent and child and Staying Put placements and a total estimated contract value of £115 million, it was determined

that the greatest benefit would be gained in shaping the provider market together, continuing a long-standing collaborative partnership.

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								
Peninsula Market Position Statement June 2016	X								

Sign off:

Fin	djn1718.149	Leg	ALT/29094	Mon Off		Strat Proc	LS/PSF/457/CP/1217
Originating SMT Member Alison Botham, Assistant Director for Children, Young People and Families							
Has the Cabinet Member(s) agreed the contents of the report? Yes							

INTRODUCTION

The business case for proceeding with a Peninsula approach was approved by Cabinet in March 2016.

This Contract Award Report is to recommend the outcome of an Open Tender to provide placements to Plymouth City Council and our Peninsula Partners – Cornwall Council, Devon County Council, Torbay Council and Somerset County Council. The placements in the scope of the procurement were:

- Standard fostering including Staying Put arrangements
- Enhanced fostering
- Parent and child fostering

The recommended providers for contract award are set out in the Part II report.

I. BACKGROUND

Evidence shows that if children and young people in care can live in a family setting which sustains (where safe and appropriate) their education, family and social networks, they are likely to achieve more in terms of attainment and social outcomes and be happier in their adolescent and adult lives. A key driver is to reduce the number of children and young people who need to be placed at distance from their home area because of a lack of local carers. Plymouth City Council are seeking to recruit more foster carers for in-house fostering services, but currently there is still a need to also purchase foster placements from external providers, especially for older and more complex children and young people.

The commissioning of foster placements from the independent sector has historically taken place through a range of different contracts and negotiation approaches across the Peninsula. All five Peninsula authorities are signatories to the Peninsula Fostering Framework, which set out indicative weekly prices for placements. This framework has been in place since 2013 and there are 18 independent fostering agencies on the provider list. The contract expires on 31st March 2018. This framework has been used as the basis for other arrangements and negotiations with the provider market. The average standard weekly placement price based on the Peninsula frameworks is £828.86, although as these contracted prices are now nearly five years old, providers have frequently been negotiating additional fees for individual placements so the actual average will be considerably higher.

In addition to the Peninsula Fostering Framework, 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, 2010 and 2015. Plymouth City Council is the lead commissioner and the contract expires on 31st March 2018. The contract requires discounted placement prices across all three local authorities. Cost and Volume providers receive referrals prior to any other agencies. The current and previous Cost and Volume for fostering contracts have resulted in significant discounts against market rates on the Independent Sector Placement budget for Plymouth City Council since 2007 (until December 2016) of £1,563,675.52 against a total spend of £28,631,839.40.

The comparable average basic weekly price (not including any additional support packages) under Cost and Volume is £789.68 per week, prior to any additional volume discounts being applied. Seven fostering agencies are contracted as Cost and Volume providers and the majority (82%) of Plymouth's external foster placements are made with these providers. Under this contract the local authorities and providers have benefitted from regular meetings to discuss practice and

commissioning issues, both as a group and individually. However, increasing demand for local placements for children and young people with complex needs has led to more requests for additional funding; with this included the average weekly placement cost for an independent fostering placement is currently £877.62.

It was important that none of the Peninsula Authorities was disadvantaged by taking part in the Peninsula fostering tender; a key aim was to ensure that the most successful aspects of the current arrangements were learnt from and incorporated into the design of the tender and contract. All of the authorities agreed with the following aims:

- Focus on partnership working with providers through group and individual meetings; contract management to monitor progress against a development plan which includes a focus on local carer recruitment;
- Achieve transparency of price through a full cost breakdown of weekly placement fees including profit margins;
- Contract award to focus on price of local placements; this is an Ofsted regulated market where provider quality concerns are limited;
- Prices to be broken down by age groups to reflect the changes in the expectation and cost of caring for children of different ages;
- Three contracts to be awarded: Cornwall, Somerset and Devon (Devon, Plymouth and Torbay); this allows the positive local authority relationships formed by the Cost and Volume contract to be continued. This also reflects the STP geographical area for Devon;
- Separate pricing allowed for each of the contracts to reflect the possibility of different costs of delivery across the geographical areas;
- Providers could choose to bid for any of the types of placement (fostering, parent and child and enhanced fostering), but weren't excluded if they couldn't offer the full range;
- Offer stability to providers through a four year closed contract;
- Update the specifications, including the introduction of a detailed specification for Staying Put arrangements and parent and child.
- Update the contract terms and conditions.

All of the above aims were achieved. The tender was for a four year contract on a closed framework. This type of contract gives no guarantee of business but sets clear expectations if placements are used.

Providers had to submit a Development Plan, which will form the basis of contract management meetings; these have an emphasis on meeting the needs of children and young people and placing them locally. Providers were then ranked based on their scores for price (see Part II paper). For call-off (finding a placement) all providers will receive requests for placements at the same time to maximise the possible choice for the child or young person. This will be done by type of placement, for example if a parent and child placement is sought, those providers who were awarded a contract for this Lot will be approached.

2. TENDER SELECTION CRITERIA

The tender was run as an Open procurement process, by Devon County Council's Procurement team on behalf of the Peninsula. The Tender was advertised as per procurement regulations to all those providers able to deliver the service; Ofsted registered fostering agencies or those organisations' registering with Ofsted as fostering agencies. A post-tender launch event was held on 5th October which enabled providers to ask questions about the tender approach. This was attended by 11 fostering agencies.

The standard Supplier Questionnaire (SQ) was used and also asked additional questions specific to this procurement:

- Insurance cover (to include service specific insurance like Sexual abuse and molestation public liability cover and Residents Effects)
- Registration with a professional body (Ofsted)
- Data protection and IT
- Health and safety
- Environmental management
- Compliance with equality legislation
- Safeguarding

The tender was divided into three Lots:

- Lot 1 – Standard Fostering (including Staying Put arrangements)
- Lot 2 – Enhanced Fostering
- Lot 3 – Parent and child fostering

15 providers submitted bids for Lot 1, 13 for Lot 2 and 13 for Lot 3, as set out in the Part II paper.

3. TENDER EVALUATION METHODOLOGY

Following successful completion of the Supplier Questionnaire, each provider was required to provide a Development Plan, which will form the basis of contract management. The decision was taken not to require method statement submissions as the providers are all Ofsted registered and have a track record of solid performance as agencies.

The Development Plan was required as part of the tender submission to cover the areas as set out in the table below. The Development Plan aims to drive forward performance in key areas for the local authorities, specifically in ensuring there are enough carers locally who can care for those with complex needs.

Service type	Overarching aim	Key performance indicator
Fostering	Improved placement stability	<p>Length of time in placement</p> <p>Commitment to working in partnership to improve stability – support packages, and attendance at all placement stability and disruption meetings</p> <p>Numbers of placement unplanned placement breakdowns (where immediate or notice of less than a week is given)</p> <p>Number of planned placement breakdowns (where the contractual notice period is given)</p> <p>Number of internal moves of placement</p>
	Commitment to permanence	<p>Commitment to supporting long term fostering matches</p> <p>Commitment to supporting Staying Put arrangements</p> <p>Commitment to supporting Special Guardianship Orders (SGO's)</p> <p>Commitment to supporting adoption</p>
	Recruitment of carers	<p>Commitment to growth in carer numbers</p> <p>Creativity in methods of attracting and recruiting carers</p> <p>Understanding local authority needs and how this is converted into managing and supporting expectations of carers from induction onwards.</p>
	Development and training of carers	<p>Carers are well trained to meet the complex needs of children and young people in their care</p> <p>Carers are held to account for attending training and their personal development</p> <p>Learning from carer annual reviews is fed back into the development plan for the carer (and the agency if applicable).</p>

Parent and child	Quality of assessment	<p>Effective placement planning and matching</p> <p>Suitably qualified and experienced assessors (social work qualification)</p> <p>Good quality of monitoring throughout the placement, including appropriate escalation of risk</p> <p>Child remains safe during the duration of the placement</p> <p>Clear assessment reports which consider all three sides of the assessment triangle, delivered to specified deadlines</p>
	Development and training of carers	<p>Specific training for parent and child carers to be able to manage the complex requirements of parent and child placements.</p> <p>Understanding the cognitive level of understanding of parents and the skills necessary to support this.</p>
Enhanced fostering	Recruitment of suitable carers	Creativity in attracting suitably skilled carers to support the most complex children and young people
	Training and support	<p>Creativity of support packages, for both the carer and child/young person</p> <p>Carer receives training specific to working with the most complex children and young people to encourage resilience</p>
	Model of service delivery	<p>Service offered builds resilience and progresses positive outcomes for children and young people</p> <p>Service offered prevents escalation into residential care</p> <p>Service offered reaches into residential care for step-down</p> <p>Service offered supports children and young people to step down from residential and transition effectively towards independence.</p>

All providers submitted development plans relevant to the Lots they were bidding for.

4. CONTRACT AWARD CRITERIA

For the Contract Award stage the providers submitted a pricing schedule for each Lot they were bidding for. The pricing schedule required providers to submit weekly placement prices and discounts.

For contract award price was weighted as 100%.

Lot 1 - Standard fostering and Staying Put:

Section	Weighting	Sub sections
Standard foster placements	60%	Age Band 1 (0-4 year olds) 10% Age Band 2 (5-10 year olds) 18% Age Band 3 (11-15 year olds) 18% Age band 4 (16-17 year olds) 14%
Discounts and retainers	20%	Long term discount 4% Permanency matched placements 4% Sibling discount 4% Reservation retainer 5% Active retainer 3%
Staying Put	20%	N/A

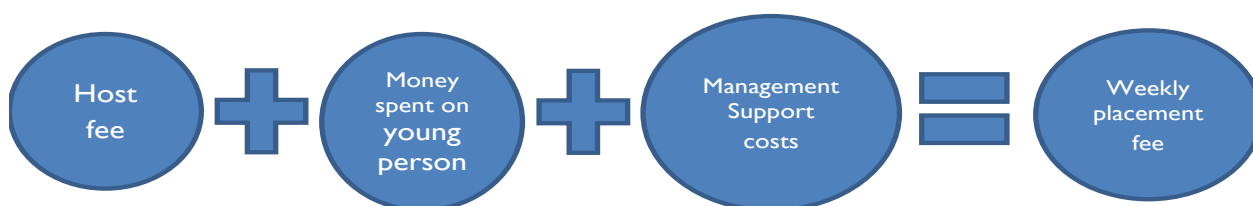
In addition, providers submitted an information only schedule of rates for optional additional services which can be purchased at the discretion of the placing local authority, for example to reserve a placement as a solo placement for one child.

In order to achieve transparency of price, providers were also asked to submit information breaking down the weekly placement price as follows:

Standard foster placement:



Staying Put:



Lot 2 - enhanced fostering

Section	Weighting
Standard placement cost per week	40%
Solo placement (if the carer is approved for more than one placement)	15%
Enhanced payment to reflect carers skills to work with complex children	10%
Additional respite – per bed night	15%
Support worker per hour	5%
Supervising social worker additional hours	5%
External education support worker – per hour	5%
Out of school charge – when a child has been out of education for more than two weeks, until alternative education is sourced. Per bed night.	5%

Lot 3 – Parent and child foster placements

Section	Weighting
Placement/Arrangement with monitoring	30%
Placement/Arrangement with monitoring/assessment	30%
Additional services	
Additional adult	8%
Additional child	8%
Additional support worker	3%
Community based placement/arrangement - outreach	
Support worker	4%
Foster carer	2%
Monitoring/observation writing	3%
Assessment only	
Social worker/assessor	4%
Support worker	2%
Assessment report writing	2%
Reading of files/papers/Court bundles	2%
Attendance at Court	2%

Further information on the prices and fee breakdowns submitted for the tender are covered in detail in the Part II report.

4. RISK EVALUATION

The following risk register was used as part of the process of designing the tender. The right hand column indicates whether this is still considered a risk for the implementation of the contract.

Risk	Impact/Opportunity	Mitigating actions	Current situation
Lack of alignment .	Silo working could impact on the system as a whole by adding unnecessary confusion.	Regular meetings to improve communication between stakeholders	Regular Board meetings taken place to update and agree principles and decisions
Brokerage / Placements operation	Need contract compliance from brokerage/placements teams	Discussion required with placements teams	Briefing meetings are taking place with individual brokerage teams – responsibility of each LA
Sign off	Timescales may clash with cabinet sign off processes	Timetable to be adjusted to accommodate the sign off	Sign off for tender confirmed by all authorities and approval processes for contract award scheduled
Post Tender Launch Event	This will give providers the opportunity to feedback on the ITT and flush out any issues preventing the market from bidding	Minor adjustments can be made to the ITT based on the feedback from providers	Post tender launch event held 5 th October. Questions and answers document circulated via the procurement portal.
Commitment of resources	Impact on tender evaluation and sign off process	Board agreement to commit to this project and allocate resources.	Peninsula resources confirmed
Contract implementation	Short timescales to issue IPA's for new contract – 6-8 week implementation	Board agreement to commit to this project and allocate resources, or agreement to seek exemptions to extend current arrangements	Each local authority is ensuring adequate resource is in place to transfer contracts as per stated timescales

5. CONTRACTUAL/LEGAL EVALUATION

The contract terms and conditions used are bespoke to this tender and service type and have been approved on behalf of the Peninsula Authorities by Devon County Council's Legal team. Devon County Council will hold the contract on behalf of Plymouth City Council and Torbay Council. Cornwall and Somerset will hold their own contract. The contract terms and conditions, service specifications, Individual Placement Agreement templates and performance management frameworks are the same for each of the three contracts to ensure commonality across the far south west peninsula and maximise partnership working.