

North Tyneside Council Report to Cabinet 13 October 2014

ITEM 6(g) Independent Fostering Agency Regional Procurement Proposal

Portfolio(s): Children, Young People and Learning

Cabinet Member(s): Councillor Ian Grayson

Report from Service Area: Children, Young People and Learning

Responsible Officer: Jean Griffiths (Tel: 0191 643 8782)

Wards affected: All

PART 1

1.1 Purpose:

The purpose of this report is to seek approval to participate in a collaborative procurement exercise that would establish a regional framework for letting contracts with Independent Fostering Agencies (IFAs).

Whilst Contract Standing Order 24 allows for joint procurement arrangements with other local authorities or public bodies, the estimated potential total cost of services to be procured may exceed £500,000 which means that Cabinet approval is required in accordance with Contract Standing Order 8 (4). (NB the level of expenditure reflects existing commitments as well as any new placements that may arise.)

1.2 Recommendation(s):

It is recommended that Cabinet:

- (i) authorises the Head of Children Young People and Learning, in consultation with the Elected Mayor, Cabinet Member for Children, Young People & Learning, the Strategic Manager for Finance and the Head of Law and Governance to proceed with the procurement exercise being led by Newcastle City Council that will establish a regional framework for letting contracts with IFAs, for a period of three years, with an option to extend for a further year; and
- (ii) authorises the Head of Children, Young People and Learning, in consultation with the Strategic Manager for Finance and the Head of Law and Governance to award any framework agreements and subsequent call off contracts under the framework agreements.

1.3 Forward plan:

28 days notice of this report has been given and it first appeared on the Forward Plan that was published on 8th September 2014.

1.4 Council plan and policy framework

This report relates to the following themes in the [2014-18] Council Plan (Our North Tyneside Plan).

Our People will

- Be supported to deliver their full potential, especially our children and young people
- Be cared for and kept safe if they become vulnerable

This report also relates to the following theme in the Children and Young People's Plan (Update 2012)

Theme 2.1

- Raising Aspirations and Improving Outcomes for Vulnerable Children and Young People.

1.5 Information

1.5.1 Background

The Authority requires the services of Independent Fostering Agencies (IFAs) when 'in house' foster provision cannot meet a particular need or the specific needs of a child. North Tyneside Council currently has 21 children and young people placed with IFAs (this is significantly lower than other collaborating Local Authorities, some of whom have over 100 children placed with IFAs).

In April 2011 Newcastle City Council took the lead to bring together seven councils, known as the "NE7", (Newcastle, North Tyneside, South Tyneside, Northumberland, Gateshead, Durham and Sunderland) to carry out a collaborative procurement exercise which resulted in a regional framework for letting contracts with IFAs. Following an options appraisal in 2013, the NE7 consortium agreed unanimously to exercise the 12 month option to extend. Current arrangements are due to expire on 31 March 2015 therefore it is imperative that a new collaborative arrangement is in place for then.

The NE7 local authorities have achieved what they set out to do in the first three years of the current framework. The outcomes are:

- financial savings (see below)
- consistency of quality across providers
- consistency of service to local authorities
- opportunities to develop positive relationships with providers to enable open and transparent communication
- the imbalance of 'market share' that had previously seen a small number of providers having a significant majority of the placements across the NE7 local authorities has been addressed
- clear commissioning information to enable existing providers to expand their presence in the NE7 region and enable new providers to enter the local market has been provided

During the life of the current contract, participating local authorities have established excellent working relationships with both on and off framework providers. This has been achieved as the result of planned, on-going provider engagement and consultation. Providers report professional respect for the NE7 local authorities and the commissioning arrangements through the framework.

As part of the options appraisal carried out in 2013, it was felt that any future commissioning would need to build upon these positive achievements and the 'lessons learned' throughout the life of the contract. Key outcomes for the new arrangement will be:

- clear descriptors for banding levels within the core cost specification to ensure appropriate type of placement is made against assessed needs of children and young people and that purchasing authorities pay an appropriate fee for these placements
- continuation of shared governance and quality monitoring systems
- increased number of providers achieved through engagement activity during the contract development stage
- a standard approach to enable outcomes for individual children and young people to be gathered and monitored.

The NE7 local authorities recognise the importance of consulting with service users and will ensure that the views of children and young people are taken into account in any future commissioning. Children and young people will be involved with evaluation of the tender and specifically will be invited to design a number of questions on areas that are important to them. Consultation so far tells us that children and young people are particularly interested in the information they are given in their Welcome Pack and as a result of this the content of providers' Welcome Packs will be scored as part of the tender evaluation. Children and young people in care are also regularly consulted with as part of the Looked After Review process and feedback is incorporated into the quality monitoring process.

In the current climate of financial austerity, positive relationships are of particular importance when it comes to negotiating terms, conditions and costs for existing and new commissioning arrangements. Our negotiations will ensure:

- positive and improving outcomes for looked after children and young people
- value for money for purchasing authorities
- sustainability of provision

Commissioning and contract officers believe that the recommended option offers the best opportunity to achieve in all three areas.

North Tyneside Council currently has ten children placed with framework IFAs. The Authority also spot purchases eleven placements from a number of providers who are not on the current framework agreement. Placements are always sought in the first instance from framework IFAs, but if they are unable to offer a placement that meets the needs of a child, a placement would then be sought from an off framework IFA.

The cost to The Authority over the last three full financial years is as follows:

	2011/12 (£)	2012/13 (£)	2013/14 (£)	Total (£)
On Framework	294,308	212,411	380,802	887,521
Off Framework	566,794	548,367	566,238	1,681,399
Total	861,102	760,778	947,040	2,568,920

Each of the off framework IFAs have continued to engage in market development exercises and have given a strong indication that they will bid for the new framework arrangements when advertised. Based upon placements as at July 2014, the potential first year savings for the Authority should all off framework providers join the framework are estimated to be in the region of £92,000. (Please note that in line with the transition arrangements outlined below, any price reductions are likely to take effect from 1st October 2015, so the potential saving for the financial year 2015/16 is estimated to be in the region of £46,000.)

Also, to illustrate the financial benefits of the current framework; the ten current framework placements are forecast to cost £408,000 in 2014/15, but if the framework was not in place we estimate that the annual cost would be in the region of £474,000, an increased cost of £66,000.

1.5.2 Process

Following the review of collaborative procurement in the region, the Director of Resources Group agreed that Newcastle City Council would be appointed to lead this procurement process on behalf of the North East Procurement Organisation (NEPO).

It is proposed that Newcastle City Council will publish an Invitation to Tender via advertisement naming each of the participating authorities. Evaluations of submissions will be carried out by commissioning professionals from all seven local authorities, facilitated by a senior procurement professional within Newcastle City Council. As part of the evaluation process, there will be participation from the Young Peoples' Group and the NE7 consortium will adhere to the regional collaborative procurement protocols and assurance Gateways throughout the procurement process. The Authority as one of the participating authorities will award framework agreements to all successful tenderers and have the ability to award call off contracts with the successful tenderers as necessary.

The aim is to have new arrangements in place by the 1st April 2015 for new placements. Where a placement is already in existence and the supplier becomes part of the new framework, the existing contract will be transferred to the new framework terms and conditions within six months in order to ensure the best value for money. Where the Authority is already utilising the services of an IFA which chooses not to participate in the tendering process, then the existing contract for that individual agreement would remain intact for the duration of the placement to ensure child placement stability. A contract will only be awarded to a provider who is not appointed to the framework in the event that a suitable placement cannot be made with a provider who is on the framework.

1.6 Decision options:

Option 1

Cabinet does not approve the recommendation. The need to purchase services from IFAs will continue and the Authority will revert to its pre-2011 position of negotiating individual spot contracts which are subject to variable prices and conditions.

Option 2

Cabinet approves the recommendation. The need to purchase services from IFAs will continue and the Authority will benefit from a standardised pricing structure which represents greater value for money and aids forecasting as well as a standardised contract that supports monitoring and evaluation.

1.7 Reasons for recommended option:

Option 2 is recommended. This joint collaborative agreement is in keeping with regional priorities leading to more efficient service delivery.

1.8 Appendices:

None.

1.9 Contact officers:

Jean Griffiths – Head of Children, Young People and Learning
Cath McEvoy – Senior Manager Safeguarding and Placement Services
Rebecca Bacon – Senior Commissioning Officer, Commissioning and Investment
Alison Campbell – Finance Business Manager

1.10 Background information:
None.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There is provision for the purchase of these services in the Council's revenue budget within Safeguarding and Placement Services. The expectation is that by extending the framework arrangement the Authority will be able to reduce the pressure in this service currently being reported through budget monitoring.

2.2 Legal

Contract Standing Order 24 allows a joint procurement. As the value of the contract as a whole exceeds the threshold of £500,000, this procurement requires Cabinet approval. Any procurement process will be undertaken in accordance with the Authority's Contract Standing Orders and EU and UK public procurement requirements. An award will be based on the most economically advantageous tender and the successful tenderer(s) will be appointed on terms and conditions approved by the Head of Law and Governance.

A contract monitoring group exists in order to address any governance issues which may arise regarding the framework agreement and providers. In addition Newcastle City Council will take any enforcement action necessary against any defaulting provider.

Given a framework agreement will be established there is no obligation on the Authority to award any contracts. The Authority can terminate any call off contract at any time without terminating the framework agreement therefore protecting the Authority's position. Call off contracts will be awarded following either a mini-tender or a direct award as necessary.

2.3 Consultation/community engagement

A working group has been established which includes representation from service managers and commissioners from all seven collaborating authorities.

Consultation sessions have taken place with the private and voluntary sector to ensure that they understand the financial context in which councils are operating and so that consideration can be given to any operational concerns.

No public consultation is proposed.

2.4 Human rights

There are no human rights implications arising from this report.

2.5 Equalities and diversity

There are no equality and diversity implications arising from this report.

2.6 Risk management

Any risk management issues will be included with the Council's risk register and managed by this process.

2.7 Crime and disorder

There are no crime and disorder issues arising from this report.

2.8 Environment and sustainability

There are no environment and sustainability issues arising from this report.

PART 3 - SIGN OFF

- Deputy Chief Executive

- Head(s) of Service

- Mayor/Cabinet Member(s)

- Chief Finance Officer

- Monitoring Officer

- Head of Corporate Strategy