



Executive Decision Report

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Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	<i>Full Cabinet</i> Date of decision: 14 October 2013	
	<i>Cabinet Member for Children and Young People</i> Date of decision Forward Plan reference:	
	<i>Cabinet Members for Children and Young People and Finance and Customer Services</i> Date of formal issue:	
Report title (decision subject)	ACCESS AND CALL-OFF FROM THE WEST LONDON ALLIANCE INDEPENDENT FOSTERING AGENCY FRAMEWORK AGREEMENT	
Reporting officer	<i>Karen Tyerman: Director for Commissioning (Tri-borough Children's Services)</i> <i>Ros Morris: Head of Commissioning Specialist Intervention and Quality Assurance (Tri-borough Children's Services)</i>	
Key decision	Yes	
Access to information classification	<i>Public</i>	

1. EXECUTIVE SUMMARY

- 1.1. This report seeks Cabinet Member approval for the Councils of Westminster City Council and the Royal Borough of Kensington & Chelsea and full Cabinet approval for the London Borough of Hammersmith and Fulham to access through an Access Agreement, the London Borough of Hillingdon's West London Alliance (WLA) Framework for Independent Fostering Agency Placements (IFAs).
- 1.2. The Framework, using the collective purchasing power of West London authorities, will deliver preferable rates for IFAs, with additional fee reductions/discounts, as well as the benefit of tendered prices being fixed for the first 2 years of the Framework.
- 1.3. The Framework will enable all 3 Councils to meet efficiency and saving targets through more effectively commissioning, when required, high quality external independent foster placements in order to meet the needs of children in care of all 3 councils.
- 1.4. The majority of new foster placements are now provided by the Tri-borough fostering service. However, the need for an external market in fostering provision will continue, in particular for more specialist or complex needs placements and for sibling groups.
- 1.5. Westminster City Council, the Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith & Fulham Councils have acted as a key partner in a West London initiative to develop a Framework Agreement for IFA placements which has been led by the London Borough of Hillingdon. Whilst all 3 Councils have had some success in the management of the IFA market to date, the Framework is recommended as being an effective procurement vehicle for achieving further quality and cost improvements in the sector over the coming four years.

2. RECOMMENDATIONS

Westminster City Council

- 2.1. That the Westminster City Council Cabinet Members for Children and Young People and Finance and Customer Services agree:
 - i) To enter into an Access Agreement with the London Borough of Hillingdon to use the Independent Fostering Agency Placements Framework for a period of 4 years until 31 March 2017.
 - ii) That authority be delegated to the Tri-borough Executive Director for Children Services to call off from the Independent Fostering Agency Placements Framework and to enter into call-off contracts with providers on the Framework as set out in Appendix B and within allocated budgets as set out in Section 10.

Hammersmith and Fulham

2.2. That the Cabinet agree:

- iii) To enter into an Access Agreement with the London Borough of Hillingdon to use the Independent Fostering Agency Placements Framework for a period of 4 years until 31 March 2017.
- iv) That authority be delegated to the Tri-borough Executive Director for Children Services to call off from the Independent Fostering Agency Placements Framework and to enter into call-off contracts with providers on the Framework as set out in Appendix B and within allocated budgets as set out in Section 10.

Kensington and Chelsea

2.3. That the Royal Borough of Kensington and Chelsea Cabinet Member for Children and Young People agrees:

- v) To enter into an Access Agreement with the London Borough of Hillingdon to use the Independent Fostering Agency Placements Framework for a period of 4 years until 31 March 2017.
- vi) That authority be delegated to the Tri-borough Executive Director for Children Services to call off from the Independent Fostering Agency Placements Framework and to enter into call-off contracts with providers on the Framework as set out in Appendix B and within allocated budgets as set out in Section 10.

3. REASONS FOR DECISION

- 3.1. The Framework, using the collective purchasing power of West London authorities, will deliver preferable rates for IFAs, with additional fee reductions/discounts, as well as the benefit of tendered prices being fixed for the first 2 years of the Framework.
- 3.2. The Framework will enable West London authorities to more effectively manage the quality and availability of such placements including ensuring the availability of more local placements. This agreement will assist the 3 Councils in meeting their statutory duty to provide sufficient local placements for children and young people in care. The Framework requires successful providers to be able to provide placements in West London and this was evaluated as a part of the tender process.
- 3.3. **Alternative options considered:** The alternative to the 3 boroughs not using the Framework is to continue a spot purchasing model for such placements. This is

not recommended as all 3 Councils will gain quality improvements, improved market management and fee reductions through significant volume discounts as a result of the 9 participating boroughs collectively using the Framework.

- 3.4. The extent of the success of the Framework (including the potential for additional savings to those modelled in this report) will depend upon close management of commissioning practice and co-operation across the West London boroughs.
- 3.5. As a signatory to the Agreement, the 3 Councils and other WLA members will have the opportunity to use the specified services of the named providers at the competitive rates. However, the Tri-boroughs will not be precluded from procuring services from other suppliers outside of the Framework where this is deemed to be competitive. The 3 Councils will additionally have the opportunity to seek further improvement on price by running mini competitions.
- 3.6. A 3 month termination clause is built into the Framework Agreement allowing boroughs to terminate Framework contracts at reasonably short notice, should this prove necessary at any point in the future.

4. BACKGROUND

- 4.1. The West London Children's Services Efficiencies Programme was launched in spring 2011 as a partnership of initially 6 West London Authorities, (Hillingdon, Harrow, Hammersmith and Fulham, Hounslow, Brent, Ealing,) with Westminster, Kensington and Chelsea and Barnet later joining.
- 4.2. A central project within the programme has been to develop a Framework Agreement to deliver more efficient commissioning arrangements for children in care placed with external Independent Fostering Agencies (IFAs). The London Borough of Hillingdon has acted as the lead borough in delivering this project on behalf of the West London boroughs.
- 4.3. Collectively, the boroughs in the WLA spend in excess of £120m (2011/12) per year on external placements for children in care and care leavers, of which £32m (11/12) was used to purchase foster placements from the private and voluntary sector. By jointly developing a Framework for the provision of IFA placements across the sub-region, the aim is to exploit the West London boroughs' combined purchasing power, deliver financial efficiencies and develop a diverse and quality assured market, with clear pricing frameworks and specifications.
- 4.4. Fostering is a way of providing care for children, in a family setting, who cannot live with their own families. The majority of local authorities also have their own internal services for recruiting suitable foster carers for children in care. However, due to challenges in Local Authorities being able to realistically achieve a continuing sufficient numbers of foster carers, particularly for children with more complex needs and for sibling groups, authorities have also used private sector IFAs to source foster parents at an enhanced rate.

- 4.5. The Tri-borough Councils' core strategy for the provision of foster placements has been to develop the Tri-borough fostering service and shift the balance of external placements to in-house foster carers, ensuring strong matches of children in care with carers in their local area. This approach continues to be successful, with the majority of new foster placements now being made with Tri-borough foster carers. However, the need for an external market in fostering provision will continue, in particular for more specialist or complex needs placements and for sibling groups. Additionally all 3 boroughs have varying numbers of existing IFA placements, many of which are long term permanent placements, and the financial benefits of the Framework will also apply to these IFA placements. The table below shows the number of current IFA placements across the 3 boroughs as at March 2012 and March 2013.

	WCC	H&F	RBKC
31 March 2012	52	67	11
31 March 2013	53	51	13

5. PROPOSAL AND ISSUES

- 5.1. **Opportunities and challenges in the IFA market:** The IFA market is changing; Local Authorities are increasingly employing more robust approaches to procurement and market management, while providers are seeking to rebalance their prices. The changing market centres on two particular factors:
- 5.2. **Inflationary pressures:** London Care Placements (LCP), the organisation responsible for setting benchmark rates in the IFA sector for London, have agreed to increases in rates for new placements in a significant number of cases. Many West London boroughs, such as WCC, have been successful in holding prices for existing IFA placements for a number of years whilst seeing the prices for new placements consistently rise. This has led to strong cost pressures for the market. Boroughs across the WLA are now seeing a number of requests from providers both for continued increases in the cost of new placements and more recently inflation rises on existing placements as well.
- 5.3. **Commissioning activity in London** – Other sub-regions and individual Local Authorities in London are currently undertaking similar procurement processes which will have a significant impact on the market.
- 5.4. There is a need for the Tri-boroughs and other West London boroughs to implement a robust market management vehicle which ensures that similar commissioning elsewhere in London does not negatively impact on the Councils' ability to source high quality placements at a competitive price.
- 5.5. In this context, the Tri-boroughs and the other West London boroughs have collaborated to develop an effective response to this set of pressures. Hillingdon are the lead authority and have been instrumental in managing a robust tender

programme with legal oversight and procurement challenge. The Terms & Conditions under the Framework have been subject to a robust development process. The core service specification for the Framework has been developed using the London Care Placements Model Specification 2010 and further developed by the West London boroughs. All 9 authorities have been fully instrumental in supporting the proposal, providing officer time and sharing valuable expertise and experience to ensure that the Framework will enable the participating councils to maximise the potential through the Access Agreement and achieve the best outcomes for children and young people in care.

- 5.6. The invitation to tender was advertised as a voluntary notice in OJEU; on both the WLA and LCP websites and also directly to all IFA agencies used by the 9 West London boroughs over the last 2 years. It was run as an open procedure and tender applications were received from 51 IFA agencies. As this Framework is to support and provide services to very vulnerable children, the award criteria was structured in such a way that a minimum 60% quality and safeguarding threshold had to be met before the finance criteria could be considered.
- 5.7. **Award of contracts:** Following the tender and evaluation process, it was recommended to Hillingdon Cabinet that contracts should be awarded to 32 providers spread across different levels of need – i) core fostering; ii) parent and child fostering; iii) specialist fostering (see Appendix B).
- 5.8. The Framework has been set up in such a way that Call-Off Contracts will be entered into between each participating borough and each provider under the Framework as listed in Appendix B. In addition, each individual placement will be made using a standardised Individual Child Agreement and Purchase Order or equivalent. Both these processes ensures that all boroughs have clear ongoing and robust contractual arrangements within the Framework.
- 5.9. The Framework and award of contracts was agreed by Hillingdon Cabinet on 20 June 2013. A detailed Implementation Plan has been drawn up by the WLA for all boroughs to implementation once relevant approvals have been given.

6. OPTIONS AND ANALYSIS

- 6.1. West London boroughs currently purchase all of their IFA placements on a spot basis, with inconsistent rates and a duplication of approaches for contract management and monitoring arrangements. There is now a need to move beyond this method of procurement, in order to deliver economies of scale and take a more rigorous and strategic approach to managing and developing the market.
- 6.2. Putting in place a Framework for the provision of IFA placements will improve the procurement strategy of all 3 Councils by ensuring a diverse and quality assured market with clear agreed pricing structures and shared specifications. It will allow West London boroughs to operate collectively as a large and influential group of

local authorities, seeking further efficiencies by using the boroughs' combined purchasing power.

- 6.3. While spot purchases and attendant commercial negotiations leave the Council exposed to the risk of annual inflationary increases, the use of a Framework will deliver preferable rates fixed for the first two years with additional fee reductions built in for volume of placements, long term placements and discounts for the placement of sibling groups.
- 6.4. The potential for quality improvements and better outcomes for children in care is also improved through the use of an identified set of robustly quality tested providers, enabling boroughs to obtain services at the right time, the right price and the right quality.
- 6.5. Once the framework is operational, West London boroughs will work in partnership with the WLA to progress the development of more locally available services, reflecting the needs of the boroughs and addressing gaps in the market.
- 6.6. Non-financial benefits will also be achieved by establishing the framework. These include:
- 6.7. **Sufficiency requirements:** In 2010, new statutory guidance under the Children Act 1989 strengthened the duties upon local authorities in respect of children in care and imposed a new duty requiring local authorities to take steps that secure, so far as is reasonably practicable, sufficient accommodation within the authorities' area which meets the needs of its children and young people in care. The Framework will be a key part of the Tri-boroughs' overall sufficiency strategy and complement the Tri-boroughs' approach of developing its in house fostering provision. Additionally, consistent access to more specialist fostering placements has the possibility of being able to divert some young people from residential placements and add to additional overall placement savings.
- 6.8. **Market development:** By awarding a framework contract for the next four years, West London boroughs will communicate a clear message of our joint intention to stimulate the growth of local capacity. This will be achieved by giving providers on the Framework the confidence to increase their recruitment of local foster carers, resulting in more placement choice for commissioners, social workers and children in care and also decreasing the likelihood of costly placement moves. In addition, by delivering more local placements there will be headroom savings to travel time for social workers and other relevant officers.
- 6.9. **Improvement in quality:** By robustly specifying, tendering and monitoring independent fostering placements within the Framework, IFA placements will be delivered to a better standard of quality and any underperformance will be subject to rigorous contract management coordinated in partnership with the WLA and as set out in the Terms & Conditions.

- 6.10. **Contract management:** Commercial contract management of the framework will be facilitated by the WLA in partnership with boroughs ensuring robust quality performance management of providers on a sub-regional collective basis.
- 6.11. **Placement searches/negotiation:** Having a framework of approved providers with tendered prices, discounts, specifications and referral processes will reduce officer time required for finding and arranging placements.
- 6.12. A number of risks exist in managing and getting the most from this complex market. The success of the Framework will rely on effective coordination between West London boroughs and careful management of placement decisions. The Tri-borough Placements Team is developing its commissioning practice of IFAs in order to achieve maximum efficiencies from the Framework by ensuring that we commission as part of the sub-region. Nonetheless, the risks attached to inaction or reverting to a spot purchase procurement of IFAs by individual boroughs exceed the risks associated to the Framework.
- 6.13. Hillingdon's WLA IFA Framework is recommended as the most effective vehicle for achieving further quality and cost improvements in the sector for the 3 boroughs over the coming 4 years.

7. CONSULTATION

- 7.1. Children and young people were consulted with about the proposed tender. Westminster Children in Care Council participated in the drafting of questions for providers and also their views on what makes a good foster placement and how can high standards be maintained and robustly monitored. In addition to this young people from Brent, Hillingdon and Ealing were part of the interview panel and fully contributed to the interview questions and marking of the presentation.
- 7.2. WLA has been updating and consulting with Lead Officers, Assistant Directors and Directors throughout the process in the form of regular meetings and project status update reports.

8. EQUALITY IMPLICATIONS

- 8.1 By accessing IFA foster placements through providers on the Framework, it is anticipated that this will enhance service quality for children in care and enable additional quality monitoring and consistency of service. There has been a positive engagement with the market to offer high quality foster placements and to be more local within West London and providers under the Framework have been rigorously assured for quality and this will be maintained through cross-cutting contract management across the WLA. The evaluation for the tender process was split 60/40 in favour of price over quality and throughout the tender process there has been additional emphasis and attention to safeguarding requirements.

9. LEGAL IMPLICATIONS

- 9.1. Bi-borough Legal Services have advised the client department on the terms of the Framework Agreement which provide the necessary protection to the Councils.
- 9.2. Comments verified by: Catherine Irvine, Senior Solicitor (Contracts), tel: 020 8753 2774 and Westminster City Council's Legal Services

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. The WLA Framework will provide the Tri-borough with the scope to reduce spend on external foster placements as the framework will give access to a variety of providers at contract rates fixed for the next two years and subject to renegotiation in year three. Whilst providing the benefit of competitive rates the Tri-borough will not be prevented from seeking placements outside of the Framework or from negotiating with additional suppliers to ensure that rates obtained for individual placements are as low as possible.
- 10.2. The Tri-borough authorities currently have children in care placed with IFAs and many of these are long term, complex or sibling group placements. These placements will continue with existing suppliers and where those suppliers are on the Framework the Tri-borough will benefit from the appropriate discounts.
- 10.3. Although the Tri-borough are actively taking steps to reduce the use of external placements by the increased recruitment and use of in house carers, it is reasonable to assume from the financial modelling that savings will still be achieved on both existing placements and when new IFA placements need to be made in the future.
- 10.4. Accessing the Framework forms a key part of the savings strategy for care placements and will enable delivery of planned savings from 13/14 and into future years.
- 10.5. The anticipated savings will be realised over time and are influenced by the number of placements commissioned from the Framework. Below shows the 12/13 expenditure and future savings which at this stage equate to a potential 2.3% saving over 3 years. Further savings are then dependant on the volume of commissioned placements through the Framework and across West London and the possibility that with access to consistent specialist foster placements, this could divert some young people from more expensive residential provision.

	2012/13 Annual Spend	Potential 3 Year Saving
LBHF	£ 2,622,309	£ 210,000
RBKC	£ 697,044	£ 80,000
WCC	£ 2,651,313	£ 160,000
Total Spend	£ 5,970,666	£ 450,000

At this stage it is difficult to predict the likely placement profile or placement costs for year 4 and therefore we have not included potential year 4 savings in the above.

- 10.6 Finance comments provided by Caroline Osborne – Tri-borough Head of Finance, Children’s Social Care, tel. 020 8753 1423.

Andrew Christie
Tri-borough Executive Director of Children’s Services

Local Government Act 1972 (as amended) – Background papers used in the preparation of this report

None.

Contact officer(s): Ros Morris, Head of Commissioning – Specialist Intervention and Quality Assurance (Tri-borough Children’s Services) – Ros.Morris@RBKC.gov.uk 0207 938 8337

Other Implications

[The report author should consider, and include paragraphs on the following as appropriate within this separate appendix, unless these considerations are sufficiently important and relevant as to justify being included within the body of the report itself.]

1. Business Plan
2. Risk Management
3. Health and Wellbeing, including Health and Safety Implications
4. Crime and Disorder
5. Staffing
6. Human Rights
7. Impact on the Environment
8. Energy measure issues
9. Sustainability
10. Communications

APPENDIX B

Award of Contracts

51 tenders were received as part of the tender from Independent Fostering Agencies.

Following the evaluation process, the London Borough of Hillingdon Cabinet on 20 June 2013, awarded contracts to the following 32 providers in the following Lots. The majority of the providers are limited companies, with a small number being 3rd sector organisations.

Lot 1 – Core Fostering	Lot 2 – Parent & Child Fostering	Lot 3 – Specialist Fostering
Tier 1	Tier 1	Tier 1
Sunbeam Fostering Agency	Nexus Fostering	Brighter Futures Foster Care
Nexus Fostering	Greater London Fostering Ltd	Bridging Gaps Fostering Agency
Pride Fostering Agency Ltd	Sunbeam Fostering Agency	Nexus Fostering
The National Fostering Agency Ltd	Pride Fostering Agency Ltd	Pride Fostering Agency Ltd
UK Fostering Ltd	Ethelbert Children's Services	Sunbeam Fostering Agency
Chrysalis Care	Integrated Services Programme	Foster Care Associates
Foster Care Associates	The National Fostering Agency Ltd	By the Bridge
Cornerways Fostering Services Ltd	Brighter Futures Foster Care	Ethelbert Children Services
Brighter Futures Foster Care	UK Fostering Ltd	UK Fostering Ltd
Time for Children Ltd	Cornerways Fostering Services Ltd	Capstone Vision Foster Care
Capstone Vision Foster Care	Chrysalis Care	Chrysalis Care
Bridging Gaps Fostering	Bridging Gaps Fostering	The National Fostering

Agency	Agency	Agency Ltd
Children First Fostering Fostering Agency Ltd	By the Bridge	St Christophers Fellowship
Familyplacement.com	Rainbow Fostering Services Ltd	
Rainbow Fostering Services Ltd	Capstone Vision Foster Care	
Next Step Fostering	Familyplacement.com	
Tier 2	Tier 2	Tier 2
Ethelbert Children Services	Fostering Options	Foster Care UK Ltd
By the Bridge	Foster Care Associates	Fostering Outcomes
Fostering Options	Fostering Outcomes	Familyplacement.com
Families for Children	Children First Fostering Agency Ltd	Rainbow Fostering Services Ltd
Fostering Solutions	Next Step Fostering	Greater London Fostering Ltd
Foster Care UK Ltd	Fostering Solutions	Families for Children
Fostering Outcomes	Families for Children	Children First Fostering Agency Ltd
Outlook Fostering Services Ltd	Foster Care UK Ltd	Integrated Services Programme
St Christophers Fellowship	St Christophers Fellowship	Fostering Options
Hillcrest Care Ltd (trading as Orange Grove)	Futures for Children	Hillcrest Care Ltd (trading as Orange Grove)
Greater London Fostering Ltd	Hillcrest Care Ltd (trading as Orange Grove)	Fostering Solutions
The Fostering Foundation	Time for Children Ltd	Kites Childrens Services
Futures for Children	The Fostering Foundation	Futures for Children
Safehouses Ltd	Outlook Fostering Services Ltd	

Pricing Schedule

	Cost range per placement per week Tier 1	Cost range per placement per week Tier 2
Lot 1 – Core Fostering	£700 - £849	£721 - £1,022
Lot 2 – Parent & Child Fostering	£1,001 - £1,554	£1,149 - £1,540
Lot 3 – Specialist Fostering	£800 - £1,398	£1001 - £1,960

The above are core stand alone prices within the 3 Lots and do not include % discounts for long term placements; sibling placements; cost and volume discounts.