

Item No. 8.	Classification: Open	Date: 25 September 2012	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Independent Fostering Services	
Ward(s) or groups affected:		All Wards	
Cabinet Member:		Councillor Dora Dixon-Fyle, Children's Services	

FOREWORD – COUNCILLOR DORA DIXON-FYLE, CABINET MEMBER FOR CHILDREN'S SERVICES

This report asks cabinet to approve the procurement strategy for the future procurement of independent fostering services. As corporate parents we are committed to securing placement services at good value for the taxpayer which are within the council's boundaries, keeping families closer wherever we are able and working to continuously improve the outcomes for the children and young people in our care. In continuing to strive for these children to become successful members of the community our proposals for supporting independence skills fully address the recommendations in the recent OFSTED inspection report. The delivery plan for the project provides for the voice of the children and young people being heard

I am satisfied that in agreeing this report the cabinet will be endorsing its determination to secure the most cost effective and efficient provision for the most vulnerable children and young people in our borough.

RECOMMENDATION

1. That the Cabinet approve the procurement strategy outlined in this report for the independent fostering service which is to undertake a competitive tender process for a four year framework contract commencing on 10 June 2013 in the estimated maximum sum of £17.2m.

BACKGROUND INFORMATION

2. There are approximately 550 children in care. Children come into care for a variety of reasons; some enter at birth whilst others enter as either young children or teenagers. Children's Services ensure that as many children as possible are adopted or placed with extended family members, but a significant majority remain in care for most of their childhood and adolescence.
3. In almost all cases, the council's looked after children have experienced significant levels of abuse and neglect within their families prior to entering care. As a result, some children in care have very complex needs including behavioural and learning difficulties and mental health problems.
4. As corporate parents we do all we can to ensure that looked after children live in a stable family environment. Giving children the best possible start in life by providing stable long term living arrangements helps to improve wellbeing and life chances.

5. Southwark's commissioning strategy for children in care seeks to ensure that provision is of good quality and improves the outcomes for our children. It is hoped that by making the proposed changes to the service these aspirations will be further enhanced.
6. The council meets this service requirement by providing four categories of care:
 - (i) Independent fostering services (ages 0 -18)
 - (ii) Semi-independent living services (ages 16 -18)
 - (iii) Residential care (ages 0 – 16)
 - (iii) In house fostering services (ages 0 – 18).

This report relates only to independent fostering.

7. Southwark's fostering service has been rated as good with some outstanding features in its most recent Ofsted inspection. In circumstances where it is not possible to meet a child's needs through our own resources we also commission foster carers through independent fostering agencies which can provide additional capacity alongside more specialist support.
8. Each fostering agency (including local authority fostering agencies) is a free standing registered agency subject to national fostering regulation and Ofsted inspection arrangements. Each agency approves its own carers who can only be registered with one agency at any given time. Carers cannot therefore be transferred to another agency as a result of contract changes for their respective IFA. This in turn means that once a child has been placed with a foster carer through an IFA, the placement will continue until ended, regardless of whether the IFA remains a chosen provider of the council. This is to ensure that those in care do not lose the benefit of established relationships.
9. Good quality foster care that matches children with carers that most suit their needs is the main vehicle for ensuring the council achieves stable placements.
10. Carers are not employees and only receive a weekly allowance for the period a child in care lives with them. They can be approved to provide care for up to a maximum of three children within one household, with each child potentially being placed by a different local authority at a differing rate, according to age and need.
11. Of the current 550 looked after children in Southwark, 284 are with council approved and supported carers and 120 with IFA's. 17 have been placed for adoption; 45 found other placements in the community; 38 are in specialist residential settings including those with profound disabilities; 41 are with semi independent living services; and 5 are subject to court ordered parent and child assessment placements. The total cost of the IFA service for 2011/12 was £4.3m.
12. Following the implementation of more formalised interim procurement arrangements in 2010/11 the council currently uses seventeen preferred providers and another twenty through spot purchasing. The key outcomes of the interim arrangements have been:

- Improved service levels following the introduction of enhanced specifications.
- Increased ability to source high quality and cost effective placements.
- Improved contract management.
- The development of fostering for children with disabilities, short breaks, youth offending and mother and baby services. There are currently six placements for disabilities and five for mother and baby.

Summary of the business case/justification for the procurement initiative

13. IFAs play an important role in the local placement economy especially in providing placements that meet those with more complex needs. In order to build on the success of the interim arrangements a service review was undertaken in June 2012 in full consultation with young people in care, care leavers, staff, providers and partner agencies to inform the commissioning strategy going forward. Below is a summary of the main findings and recommendations.

The Service

- Overall the number of children being recommended for foster care placements is rising, in the context of a national shortage of foster carers.
- Whilst there is a strategy to increase the number of council foster carers, this is a medium to long term strategy and cannot meet immediate demand and needs.
- The Crime and Disorder Act 1998 places a general duty on Local Authorities to act in partnership to prevent offending by children and young persons. The Youth Justice Board will require local authorities to have a range of placement options available as an alternative to remands into custody.
- The Legal Aid Sentencing and Punishment of Offenders Act 2010-12 (LASPO), due to be implemented from November 2012 introduces some key changes including a new remand framework for young people. Changes to the law on bail and remand are aimed at reducing the number of those who are unnecessarily remanded into custody. Under the new “no real prospect” test, offenders would be released on bail if they would be unlikely to receive a custodial sentence. These statutory requirements will be included in the new framework.
- It was felt that placement types and discounts could be simplified and the option of reviewing pricing during the contract period should be considered.
- There should be a clear strategy for managing existing placements that may remain outside of the new framework arrangement.
- More emphasis is needed to ensure that from the age of 13 young people develop life skills for independent living in a planned/incremental way, a recommendation of the recent OFSTED inspection.
- There should be a requirement that any additional mileage over and above that included in the standard weekly fee must be agreed in advance.
- Specific requirements in relation to placements for disabled children; youth offending/remand placements; parent and child placements should be reviewed.
- Emphasis should be placed on early recognition/safeguarding for young people who may be vulnerable to crime, substance misuse and teenage pregnancy.

- Enhancements for children with challenging or complex needs will not be included as challenging behaviour is often expected behaviour for children in care given their previous experiences, therefore a single standard weekly fee will encompass this.
- Of the 120 placements currently, 53 are within a 7 mile radius. It is proposed that a new requirement is introduced to ask providers to increase the percentage placements within Southwark's boundaries or within 7 miles of Southwark from 47% to a new target of at least 75%. This will support young people being able to maintain contact with family and friends.
- Introduce a standard weekly fee which will cover all cost elements that are routinely required in a foster care placement (excluding for example therapies or assessments). This will enable a genuine like for like comparison of cost and move away from current additional fee practices.

Independent Fostering Agencies

- A need for improved communication and information flow between providers and social workers about individual children.
- A need for greater emphasis on the importance of placement stability, and the steps that providers are expected to take in this regard.
- Require better information and intelligence gathering by providers to support service improvement and matching of a child to a placement.
- A two tier system of providers should be introduced based on quality and price.
- A requirement that providers consider special guardianship and "staying put" arrangements be introduced.

Foster Carers

- That further partnership working is needed to provide enhanced support for young people's transition to independence. Life skills sessions should include cooking, basic do-it-yourself, managing money, managing your home, domestics and financial planning, and an understanding of the benefits system.
- Carers must be able to deal appropriately with children and young people with challenging behaviour.
- Carers must be able to deal appropriately with children and young people with challenging behaviour.
- Households must be smoke free for all children aged under five and for all children with certain medical conditions.

14. Currently placements are divided into the following categories:

Generalist – All ages

- Level One – Enhanced fostering placements
- Level Two – Standard fostering placement
- Level Three – Post 18 placements

Specialist Fostering

- Managing significant offending behaviour.
- Severe and profound disabilities.
- Short break for severe and profound disabilities.

- Mother and baby fostering.

15. The following placement types are proposed:

Lot 1	a	Foster care placements for children aged 0-4		Standard weekly fee
	b	Foster care placements for children aged 5-10		
	c	Foster care placements for children aged 11+		
Lot 2		Parent and Child Placements		Specialist
Lot 3		Foster care placements for disabled children/severe profound		
Lot 4		Foster care placements subject to alternative to secure remand (court) status		

16. Providers interested in Lot 1 will be required to apply for all of the sub-lots a, b and c, but asked to submit separate prices for each age group. The reasoning for this approach is that placement data suggests that cost increases with age. Age bands therefore allow charges to better reflect actual cost, rather than relying on a single unit cost that is balanced across the whole 0-18 population.

17. Unlike some other framework arrangements, Southwark has decided not to specify a separate placement type for children with challenging or complex needs. The initial reasoning for this was that ‘challenging’ behaviour is, in many senses, to be expected particularly for the largest cohort of placements which is for children and young people aged 11 plus. Southwark felt that a single standard weekly fee for each age-group of child / young person was therefore more appropriate.

18. Providers who express an interest in Lot 2, parent and child, will be asked to quote an inclusive price for both parent and child.

19. Providers who express an interest in Lot 3, disabled children, will not be provided with a restricted definition of ‘disabled’. The specification outlines broad requirements and highlights the breadth of potential disabilities that a provider might encounter. This will give the council the flexibility to place children and young people under the generic lot 1, or under lot 3 for disabled children as appropriate.

20. Providers who express an interest in lot 4, alternative to secure remand fostering shall refer to those children aged 11 plus who are subject to a court remand order under revised Youth Justice Board (YJB) regulations being introduced in the autumn 2012.

21. The contract will reference provision for “staying put” arrangements for young people over the age of 18, and the council will have an agreed rate of allowance for this group.

22. Whilst it has been agreed that separate contracts will be awarded for standard and specialist services, until work is finalised on capacity requirements it is not yet possible to estimate the total number providers that will be needed. This will be completed before the procurement commences.

23. Service providers appointed to the framework will be incentivised by creating a two tier structure. See paragraph 28 for further information.

24. Clear referral pathways and procedures will be in place to ensure that the best possible placement fit is selected to respond to a child's bespoke needs, for example this will include if the placement is within a 7 miles radius. The matching of a placement will involve the child's allocated social worker and be able to deliver appropriate responses in both planned and emergency situations.
25. The placement allocation will be as follows:
- (i) Request first sent to council foster carers service with a response timeline.
 - (ii) If no match is made the request will then be sent to tier 1 providers with a response timeline of 48 hours.
 - (iii) If no match is made the request will then be sent to tier 2 providers to run concurrently with the tier 1 request.
 - (iv) If a suitable match is received from tier 1 and tier 2, priority will be given to the tier 1 response.
26. An annual performance review will be carried out to assess performance concerning outcomes for children and to ensure providers are fit to remain in tier one, to include for example:
- Their capacity to provide placements within a 7 mile radius of the borough.
 - Outcomes for children and young people including success in supporting independence skills.
 - The voice of children and young people.
 - Unplanned endings of placements.
 - Approaches to safeguarding.
 - The specific requirements of the service specification.
27. At the end of year two (contract mid point) a pricing review will be undertaken to ensure on-going best value. It will be made clear to providers that to remain or move to tier one their pricing must be competitive. Failure to do so will result in the more expensive agencies risking demotion to tier two whilst also providing an opportunity for providers in tier two (who have met all the quality standards) to be promoted to tier one.
28. In response to the service review of the council's internal commissioning processes and procedures further efficiencies are expected through process and system integration.
29. A framework operational manual will be produced for staff and the providers fully detailing how the framework will operate e.g. tier structure, placement allocations, quality and price reviews, contract monitoring and management.

Market considerations

30. Based on evidence collated in 2011 from London Care Services, which is a pan London agreement, there are a number of factors influencing the market. There are over 100 providers in London who offer an independent fostering service and on average there were price reductions of 3% for the financial year 2012/13. Pricing is volatile and the interim commissioning arrangements with the council's 17 providers have on average reduced their prices by 1.2% for the financial year 2012/13.

31. Providers are aware of the ongoing changes and welcome the opportunity to develop their business to support the changes required for the Youth Justice Board to place young people with foster carers as an alternative to remands into custody. They also welcome working with councils to reduce their back-office costs and to minimise duplication.
32. With the contraction in the economy over the last three years, the ongoing constraints in the economy and current knowledge of the market for this type of work, a high level of competitive responses are expected.

KEY ISSUES FOR CONSIDERATION

Options for procurement including procurement approach

33. The following procurement options were considered:
 - i. Do nothing.
 - ii. Participate in an existing framework arrangement.
 - iii. Undertake a joint tender with other local authorities.
 - iv. Expand the in-house service.
 - v. Undertake a Southwark only competitive process.

A summary of the advantages and disadvantages of each option are included in Appendix 1.

Proposed procurement route

34. The proposed procurement route is to undertake a competitive tendering process following a Part B non EU restricted procedure.

Identified risks for the procurement

35. A risk register has been produced and will be monitored by the project manager. Updates and alerts will be escalated to the programme commissioning board in accordance with the agreed project governance. Table 1 below summaries the main risks.

No.	Risk	Likelihood	Risk Control
1.	<ul style="list-style-type: none"> That TUPE applies to foster carers leading to increased costs and providers requiring indemnity from the council against transferring liabilities. 	Low	<ul style="list-style-type: none"> Legal opinion is that the risk of TUPE applying is low but have recommended precautionary paragraphs in the pre-qualification questionnaire and invitation to tender documentation.
2	<ul style="list-style-type: none"> That the need to ensure quality services means fewer applicants pass the necessary quality threshold. 	Medium	<ul style="list-style-type: none"> Threshold will be set to balance quality whilst maximising interest.
3	<ul style="list-style-type: none"> Slippage in procurement process results in desired deadlines not being met. 	Medium	<ul style="list-style-type: none"> Project timeline will be monitored by the project manager and issues escalated accordingly.
4	<ul style="list-style-type: none"> The range of providers does not have sufficient capacity to meet service needs meaning that a high level of spot purchasing continues. 	Medium	<ul style="list-style-type: none"> The evaluation will include an assessment of capacity capability.

Key / Non key decisions

36. This report relates to a key decision.

Policy implications

37. The sufficiency duty under section 22G of the 1989 Act requires Children's Services to secure sufficient accommodation for looked after children. This requires local authorities to take steps that secure, so far as reasonably practicable, sufficient accommodation within the authority's area which meets the needs of children that the local authority are looking after, and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the local authority's area ('the sufficiency duty').
38. The council must have regard to the benefits of securing a range of accommodation through a number of providers. The accommodation must also meet the assessed needs of children.
39. This means having the right placement in the right place, at the right time which is a vital factor in improving placement stability. Stability is known as the critical success factor in relation to better outcomes for looked after children.

Activity	Complete by:
Place GW1 and GW2 on Forward Plan	15 August 2012
DCRB Review Gateway 1: Procurement strategy report	15 August 2012
CCRB Review Gateway 1: Procurement strategy report	30 August 2012
Notification of forthcoming decision – despatch of Cabinet agenda papers	3 September 2012
Cabinet Review Gateway 1: Procurement strategy report	11 September 2012
Approval of Gateway 1: Procurement strategy report	25 September 2012
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	5 October 2012
Completion of tender documentation	5 October 2012
Advertise the contract	5 October 2012
Closing date for expressions of interest (25 days)	30 October 2012
Completion of short-listing of applicants	12 December 2012
Invitation to tender	14 December 2012
Closing date for return of tenders (45 days)	28 January 2013
Completion of evaluation of tenders	22 March 2013
DCRB Review Gateway 2: Contract award report	10 April 2013
CCRB Review Gateway 2: Contract award report	18 April 2013
Notification of forthcoming decision – despatch of Cabinet agenda papers	22 April 2013
Cabinet Review of GW2: Contract award report	29 April 2013
Approval of Gateway 2: Contract Award Report	14 May 2013
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	24 May 2013
Contract award	27 May 2013
Contract start (subject to TUPE)	10 June 2013
Contract completion date	9 June 2017

TUPE/ Pension implications

40. Legal has advised that the engagement of providers on spot contracts supports an argument that the conditions to TUPE applying are not met, although this may be weakened if, as is the case, the council has consistently awarded a succession of contracts to the same provider. However as it not the intention to remove a child from an existing placement if the relevant provider is unsuccessful then there will also be a good argument on this basis that there will be no transferring activity.
41. The nature of the current arrangements together with the understanding that existing providers also provide similar services to other local authorities suggests that there will be no organised groupings of employees whose principal purpose is the carrying out of the activities for the council.

42. The procurement documentation will advise that the council do not consider TUPE to apply but that all applicants must seek their own independent advice and that no warranty is given to this effect.

Development of the tender documentation

43. The project team will work with service leads, corporate procurement, legal, departmental children's services finance, contract and performance improvement team and health and safety services to develop the tender documentation including the service specification, pre-qualification questionnaire (PQQ) and the quality and pricing evaluation methodologies.

Advertising the contract

44. As a Part B service, there is no formal need to issue an OJEU notice. However, in order to ensure all market areas are covered, a voluntary notice will be issued. In addition, adverts will be placed on the council's website, Community Action Southwark website, in Community Care and other similar trade journals. Existing providers and other known providers will also be alerted to the advert placed on the council's website.

Evaluation

45. Contracts will be awarded on the basis of MEAT (most economically advantageous tender) using a price/quality ratio of 70/30 in line with council guidelines. As per the restricted protocol, the process will consist of two stages.

Stage One – Pre-Qualification Questionnaire (PQQ)

46. The purpose of the PQQ is to create a short list of organisations who have demonstrated that they have sufficient technical capacity and financial and economic standing and ability to be invited to tender. In order to determine sufficient financial and economic standing, and technical capacity and ability PQQs will be evaluated in accordance with the criteria as set out in Articles 29-35 of Directive 92/50/EEC (as amended or replaced).
47. Method statements will be used to assess the technical section, for which there will be a minimum pass mark. Applicants who are not able to demonstrate that they currently have a good or outstanding OFSTED grading will be eliminated from the process. The short listing process will include an assessment of capacity. The financial, health and safety and qualities sections will be assessed as pass or fail. For the financial assessment, a minimum financial operating threshold will be set.
48. The final PQQ evaluation methodology will be signed off by the commissioning board and advised to applicants.

Stage Two - Invitation to Tender

49. The council is looking for responses from agencies having experience of providing standard and specialist services. The number of providers will be dependent on the capacity of the available placement types. Providers will need to pass the quality threshold before they are assessed on price. Allocation onto tier one or tier two will then be based solely upon price as all agencies will have met the quality level.

Quality Assessment (30%)

50. The quality assessment will be based on a written submission which will examine the following areas:
- Strategic plan and strategy to increase the capacity and coverage of foster care placements at a 7 mile radius of Southwark.
 - Strategy for minimising placement breakdown.
 - Specific requirements of the service specification.
 - Approaches to safeguarding.
 - Approaches to transition including preparation for living independently.

Method statements will be used to evaluate applicants against the key quality criteria, for which there will be a minimum pass mark for each question.

Price Assessment (70%)

51. Applicants will be asked to complete a pricing schedule which requires them to separately cost the various aspects of the service, including setting a standard weekly fee and specialist services for parent and child placements, disabled children and placements subject to remand (court) status. The council will expect discounts of between 1% and 2% for the total value spend. Further discounts will be required for sibling groups and if a placement duration is for more than a year. An evaluation matrix has been finalised with finance colleagues.
52. The evaluation panel will be made up of representatives from finance, health and safety, policy and equalities, commissioning and assessment, children looked after service and the young people in care. Officers from legal and corporate procurement will be consulted as required throughout the process. Up to two clarifications will be undertaken as required.

Community impact statement

53. All potential providers are required by the council to proactively demonstrate their commitment to diversity and equal opportunities. As will be highlighted within the contract specification, all contracted arrangements will need to meet specific cultural and language needs where applicable.
54. It is crucial that services the council provides for children and young people are accessible and support their needs by promoting equality and responding to diversity – including issues with respect to age, disability, faith, gender, ethnicity and sexuality.
55. The children looked after service has an equality impact assessment for 2012/14 which recognises the diverse needs for looked after children and the range of supports required for them to become positive members of the community. This procurement is supporting both the 2012/14 children looked after equality action plan and 2012/13 children looked after-business plan. If following advice, any further checks or assessments are required, these will be undertaken.

Economic considerations

56. The details of the contract will be put on the council website, it is anticipated that this will attract the interest of local providers and afford them the opportunity to register their interest in competing for the work.

Social considerations

57. By seeking to place children within the Southwark area wherever possible contact with their families is the foundation of a strong and stable society ensuring children develop into healthy, happy and successful adults.
58. The successful contractors are also expected to meet the London Living Wage (LLW) requirements. For this service it is considered that best value will be achieved by including this requirement as it will enable contractors to employ suitably qualified professional social work staff who are able to provide a quality service. As part of the tender process, bidders will be required to confirm how productivity will be improved by payment of LLW. On award, the associated quality improvements and cost implications will be monitored as part of the annual review of the contract.

Environmental considerations

59. The council supports keeping families and communities together. This also reduces the need for excessive car journeys and public transport thus contributing to the reduction in carbon emissions.

Plans for the monitoring and management of the contract

60. The contract will be managed by the contract monitoring and performance improvement team in Children's Services. Managing and monitoring of the contract will include:
- Compliance with the specification
 - Performance indicator measurement including stability
 - Best value
 - Service user outcomes
 - Service user satisfaction
 - Risk management
 - Health and safety
 - Social care assessment
61. Quarterly monitoring will include: information about the numbers of carers and number of placements; allegations of misconduct and child protection enquiries; planned and unplanned endings of placements; referrals received and placements made; staff turnover, sickness and grievances; foster carer training; general feedback from providers.
62. If a provider fails to achieve the required performance standard in 4 or more KPIs they will be temporarily suspended meaning they will not receive further placement referrals until they have made the required improvement(s).

63. The annual performance assessment will be led by the Children's Services commissioning service with input from social work staff and independent reviewing officers. The meeting will review performance over the preceding year, including progress and areas for improvement and will result in an overall assessment rating of 'excellent', 'good', 'average' or 'poor' for each provider.

Staffing/procurement implications

64. There will be limited impact on staff caused by the tendering of this contract.

Financial implications

65. The objective of this proposal is to deliver an efficient and effective service delivering savings over the 4 year life of the contract. The profile of the savings will rise from a low base in the first year and over the life of the contract it is estimated that it should be possible to deliver savings of up to £200k. The assumption behind the savings is that the volume of the placements will remain roughly as they are now. An increase in the volume may produce discounts although this would be counter balanced by the increased base cost. There is a complex relationship between volumes and mechanisms whereby agencies maintain tier one status which will be better understood as the contract progresses.
66. Approved budget of £4.3m is available to deliver the existing service for the year 2012/13. The proposal has a similar budget profile, and subject to the annual Council budget setting process there will be sufficient budget for the term of the proposal.

Legal implications

67. Legal implications are included in the advice from the Director of Legal Services at paragraph 79 onwards.

Consultation

68. Consultations have been with young people in care, care leavers, Speaker Box – Southwark's children in care council, staff, providers and partner agencies including other local authorities, health, youth offending service and connexions and the feedback was used to produce the new service specification and framework documentation.

Other implications or issues

69. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

70. This is a gateway one report seeking cabinet approval for the procurement strategy for the independent fostering service.
71. With an advised maximum value of £17.2m, there is a requirement to take all reasonable steps to obtain at least five tenders following a publicly advertised

- competitive tendering process. Whilst this service is classified as Part B under the EU Procurement Regulations and therefore does not require that a formal OJEU notice is issued, paragraph 44 confirms that a voluntary notice will be issued, in addition to local advertisements in compliance with the council's contract standing orders.
72. Paragraph 12 advises that following a recent review of the interim service provision put in place during the latter part of 2010/11, a number of findings and recommendations were made pertaining to future service needs, the main ones of which are summarised in the report. The result is that it is now proposed to put a framework contract in place to support existing in-house arrangements to deliver the redefined standard and specialist placement types initially detailed at paragraph 15, and expanded upon in paragraphs 16 - 27.
 73. Paragraphs 23 - 27 detail the proposal to operate the framework using a two tier structure as a means of ensuring service providers are continuously incentivised to maintain both quality standards and competitive pricing, the latter of which will be via a price review at the end of the second year.
 74. Appendix 1 summarises the procurement options considered which have resulted in the proposed recommendation, and paragraph 32 confirms that a high level of competitive responses is expected.
 75. Paragraph 34 confirms that the procurement will follow the EU Restricted protocol, and the evaluation methodology is summarised at paragraphs 45 - 52, including confirmation that the council's standard 70/30 price quality ratio will be used; that only those applicants who successfully pass the PQQ stage will be invited to tender; that they will then need to reach a minimum quality level in order to have their pricing evaluated; and how it is the latter that will determine allocation to tier one or two. It is noted that at this time it is not possible to anticipate the number of providers that will be appointed to the framework as this depends on capacity requirements, but work is on-going so as to include relevant information in the final tender documentation. Paragraph 48 advised that the final evaluation methodology will be approved by the Commissioning Board.
 76. Paragraph 41 advises that following legal advice TUPE is not expected to apply, however applicants will be advised to seek their own independent advice.
 77. The project plan is deemed achievable as long as assigned resources are maintained and the on-going monitoring of the plan has been built into the risk register, a summary of which is given at paragraph 39.
 78. Paragraphs 60 - 63 detail the contract monitoring and management arrangements that will be put in place.

Director of Legal Services

79. This report seeks the cabinet's approval to the procurement strategy for the semi-independent living service by establishing a framework contract as detailed in paragraph 1. As the value of the services exceeds £4 million, and is therefore a Strategic Procurement, then this decision is reserved to the cabinet.

80. Whilst these services are not subject to the full EU tendering requirements (being classed as Part B services), they are subject to the general EU principles regarding transparency and non-discrimination. It is also necessary for the services to be procured in accordance with the council's tendering requirements under Contract Standing Orders, which requires at this value that at least 5 tenders are sought following a publicly advertised competitive tendering process. As noted in paragraph 44, the council intends to follow such a process, and in order to reach all parts of the market will be issuing a voluntary OJEU notice.

Strategic Director of Finance and Corporate Services (NR/FCS/31/8/12)

81. This gateway one report recommends that the Cabinet approve the procurement strategy for the independent fostering service, specifically to undertake a competitive tender process for a four year framework contract commencing on 10 June 2013.
82. The strategic director notes the financial implications contained within the report. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Update report on the Provision of Semi-Independent Living Services, Independent Fostering Agencies and Residential Services.	Children's Services 160 Tooley Street London SE1 2QH	Shenis Hassan 020 7525 1552
Children in Care, Commissioning Strategy - 2010/11 to 2013/14	Children's Services 160 Tooley Street London SE1 2QH	Shenis Hassan 020 7525 1552
Children Looked After: Equality Impact Assessment - 2012/14	Children's Services 160 Tooley Street London SE1 2QH	Shenis Hassan 020 7525 1552

APPENDICES

Appendix number	Title of appendix
Appendix 1	Summary of Procurement Options

AUDIT TRAIL

Cabinet Member	Councillor Dora Dixon Fyle, Children's Services		
Lead Officer	Romi Bowen, Strategic Director of Children's Services		
Report Author	Shenis Hassan, Interim Senior Manager, Commissioning and Business Modernisation		
Version	Final		
Dated	13 September 2012		
Key Decision?	Yes	If yes, date appeared on forward plan	June 2012
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
	Officer Title	Comments Sought	Comments included
	Head of Procurement	Yes	Yes
	Director of Legal Services	Yes	Yes
	Strategic Director of Finance and Corporate Services	Yes	Yes
	Contract Review Boards		
	Departmental Contracts Review Board	Yes	Yes
	Corporate Contracts Review Board	Yes	Yes
	Cabinet Member	Yes	Yes
	Date final report sent to Constitutional Team		13 September 2012