

Item No. 22.	Classification: Open	Date: 17 September 2013	Meeting Name: Cabinet
Report title:		Gateway 2 – Contract Award 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

We know that children and young people come into care for a variety of reasons and at different ages and while we are committed to ensuring that as many children as possible can remain placed with their family or are adopted, it is necessary to provide fostering arrangements where this is not possible. This council takes its corporate parenting responsibility very seriously and it is vital that our children and young people have a loving and stable environment and can be supported to realise their potential even when they are unable to remain with family or be adopted. This is why it’s so important to ensure that we have a wide range of good quality fostering carers including foster carers for children and young people with specialist and complex needs.

This report recommends the award of a framework contract for independent fostering arrangements. Complementing the work of the of council’s fostering team the framework will support the council’s commitments in its children and young people’s plan and delivering on its sufficiency duty. This contract introduces enhanced quality requirements and a more systematic approach to making sure we have a good range of foster carers available, including those that are able to support children and young people with more complex needs. I am pleased that we are putting in place these new and enhanced arrangements that will improve quality and deliver better value for money for the council and its residents.

RECOMMENDATIONS

1. That the cabinet approve the award of an independent fostering service framework for children in care to the providers listed in Appendix 1 for a period of four years commencing on 14 October 2013 in the estimated maximum sum of £23m.
2. That the cabinet agrees that the strategic director of children’s and adults’ services will award contracts for individual placements on the council’s preferred terms through the framework.

BACKGROUND INFORMATION

3. Children come into care for a variety of reasons. Some enter at birth whilst others enter as either young children or teenagers. Children’s and Adults’ Services ensure that as many children as possible are adopted or placed with family members, but a significant majority remain in care for most of their childhood and adolescence.

4. Southwark's fostering service has been rated as good with some outstanding features in its most recent Ofsted inspection in May 2012. In circumstances where it is not possible to meet a child's needs through our own fostering service resources the council also commissions foster carers through independent fostering agencies (IFA) which can provide additional capacity and when required specialist support.
5. As at July 2013 there were 579 looked after children in Southwark, 27 with the semi independent living services, 439 with foster carers; 27 have been placed for adoption; 24 with placements in the community; 53 in specialist residential settings including those with profound disabilities; and 9 subject to court ordered parent and child assessment placements.
6. On 25 September 2012, cabinet approved a procurement strategy which would provide additional capacity for fostering services and as far as possible move away from costly spot purchasing. The strategy was to put a framework in place that captured leading best practice whilst at the same time ensuring an affordable high quality service. The framework would meet the overarching aim of the service to assist the council in implementing its role as corporate parent to seek a diverse range of independent fostering services to help and assist vulnerable children/young people in care to make a successful transition to a healthy and productive adult life.
7. To achieve this the service was split into the generalist and specialist lots for which applicants were invited to tender for the following placement types:

Generalist

- | | | |
|-------|---|------------------------------------|
| Lot 1 | a | Foster care for children aged 0-4 |
| | b | Foster care for children aged 5-10 |
| | c | Foster care for children aged 11+ |

Specialist

- | | |
|-------|---|
| Lot 2 | Parent and child placements |
| Lot 3 | Foster care for disabled children/severe profound |
| Lot 4 | Foster care placements subject to alternative to secure remand (court) status |

8. 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 from the Children's centre at Talfourd Place. 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.
9. The placement allocation will be as follows:
 - (i) Request first sent to council foster carers service.
 - (ii) If no match is made the request will then be sent to Tier 1 providers with a response timeline of 72 hours.
 - (iii) If no match is made the request will then be sent to Tier 2 providers to run alongside the Tier 1 requests.

- (iv) If a suitable match is received from Tier 1 and Tier 2, priority will be given to the Tier 1 response.
 - (v) In the event that two providers in the same Tier respond at the same time, then a decision will be taken based on the best possible placement fit.
10. There is no extension period for the framework. The prices are not index linked and are fixed for years 1 and 2. At the mid-point review at the end of year 2 providers will be asked to submit a new pricing schedule or confirm no price change.
11. The original intention was to award the contract on 27 May 2013, however additional time was taken before going to the market to work further on the specification and tender documents to ensure they were completely reflective of the councils needs.

Procurement project plan (Key Decision)

12. The table below provides an overview of the revised procurement timetable:

Activity	Completed by:
Place GW1 and GW2 on Forward Plan	15/08/2012
Approval of Gateway 1: Procurement Strategy Report	25/09/2012
Advertise the contract	5/10/2012
Closing date for expressions of interest	30/10/2012
Invitation to tender	02/05/2013
Information day for applicants	13/05/2013
Closing date for return of tenders	19/06/2013
Completion of evaluation of tenders	30/07/2013
DCRB Review Gateway 2 - Contract Award Report	7/08/2013
CCRB Review Gateway 2 - Contract Award Report	15/08/2013
Notification of forthcoming decision – despatch of cabinet agenda papers	27/08/2013
Approval of Gateway 2: Contract Award Report	17/09/2013
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	27/09/2013
Contract award	30/09/2013
Add to Contract Register	30/09/2013
Contract start (Subject to TUPE)	14/10/2013
Publish Contract Award Notice in OJEU	Within 48 days of contract award
Contract completion date	13/10/2017

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

13. The successful delivery of this project has led to the establishment of a framework that reflects both current best practice and has an in-built programme of continuous improvement. More specific outcomes achieved include:
- A service capable of meeting the majority of the council's service requirements through both existing and new service providers.
 - The development of a clearer referral process which focuses on improved matches for a child/young person's needs thereby resulting in better outcomes for children looked after.
 - An enhanced service specification built on extensive consultation with both internal key stakeholders and young people ensuring true client ownership and support of the service going forward.
 - New and enhanced performance monitoring arrangements which focus upon feedback from young people, social work teams and an independent reviewing officer.
 - Introduction of fixed pricing for standard placements and greater clarity on what is included within weekly costs.
 - Budget certainty via fixed costs for years 1 and 2.
 - A tiered system to provide on-going service provider incentives with regards to price and quality.
 - Establishment of a group to work with providers to seek continuous service improvements and incentives to maintain good performance.

Policy implications

14. The 'sufficiency duty' under section 22G of the Children's Act 1989 requires the council to secure sufficient accommodation for looked after children. This requires local authorities to take steps that secure, so far as is reasonably practicable, sufficient placement within the authority's area to meet 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 placements which are within the local authority's area.
15. The council must consider the benefits of securing a range of accommodation through a number of providers. The placement must also be able to meet the assessed needs of children.
16. This means having the right placement in the right location, at the right time which is a vital factor in improving placement stability. Stability is known as the critical success factor in achieving better outcomes for looked after children.

Tender process

17. As a Part B service, the council was not obliged to issue an OJEU notice, however in order to ensure all market areas were covered, a voluntary notice was issued. In addition, adverts were placed on the council's website, Community Action Southwark website, in Community Care and other similar trade journals. Existing providers and other known providers were also alerted to the advert being placed on the council's website.

18. The project team worked with service leads, corporate procurement, legal, 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.
19. Following direction provided by the strategic director of children's and adults' services, prior to the ITT stage, the weightings applied to price and quality were altered from those reported at the Gateway 1 (procurement strategy approval) and those applied at PQQ stage. This change was made in response to recent national events and OFSTED recommendations to ensure those meeting children's needs and their placement experience are given greater importance in the contract award process. It was therefore decided to increase the percentage weighting allocated to quality from 30% to 40% (with price accordingly falling from 70% to 60%). Applicants invited to tender were informed of this decision.
20. As a Part B service, the full EU procurement rules did not apply, however the spirit of the restricted procedure was applied as follows:

Stage One – Pre-Qualification Questionnaire (PQQ)

21. Method statements were used to assess the technical section, for which there was a minimum pass mark. Applicants who were not able to demonstrate that they currently had a good or outstanding OFSTED grading were eliminated from the process. The short listing process also included an assessment of capacity. The financial, health and safety and equalities sections were assessed as pass or fail. For the financial assessment, a minimum financial operating threshold of £2.25m was set. In order to assess the financial and economic standing and technical capacity and ability PQQs were evaluated in accordance with the criteria as set out in the EU Procurement Regulations. The final PQQ evaluation methodology was signed off by the commissioning board.

Stage Two - Invitation to Tender

22. Applicants were invited to tender if they demonstrated that they had sufficient safeguarding and technical capacity and financial and economic standing.

Safeguarding Assessment – Pass/Fail

23. The council introduced a further method statement concerning health and safety /safe guarding practice for all applicants to address, in response to issues identified at the health and safety assessment carried out at PQQ stage. Every applicant was required to achieve at least a 'satisfactory' score in this area, all the applicants passed.

Quality Assessment (40%)

24. Method statements were used to evaluate applicants against the following quality criteria, for which there was an overall pass mark of 55% (50% for specialist lots). No applicant that did not attain the minimum pass mark could progress to the price assessment stage. The method statements covered the following topic areas:

- Strategic plan and strategy to increase capacity to provide placements within a 20 mile radius of the council's children looked after Resource Centre, Talfourd Place.

- Strategy for minimising placement breakdown.
- Specific requirements of the service specification.
- Promoting health and attainment.
- Approaches to transition including preparation for living independently.

Price Assessment (60%)

25. A price evaluation model was prepared with finance colleagues and applicants were asked to complete a pricing schedule which required 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 scored the sustainability of the standard weekly fee by assessing the breakdown of costs completed in the pricing schedule.
 - The council sought a discount for the total spends.
 - Further discounts were required for sibling groups.

Tender evaluation

26. Evaluation panels were made up of representatives from finance, children looked after service and the quality assurance and safeguarding service. Officers from legal, corporate procurement and service commissioning were consulted as required throughout the process.
27. The council received 64 expressions of interest and all were sent out Pre Qualification Questionnaires (PQQs). On the return date, 33 completed PQQs were received and 31 applicants did not make a return. During the expressions of interest and the clarification process it was identified that some applicants were either not able to demonstrate that they currently had a good or outstanding OFSTED grading or they did not meet the minimum financial operating threshold of £2.25m.
28. By applying the short listing criteria, a shortlist of 27 applicants was produced with 6 applicants failing to pass the technical assessment. The 27 shortlisted applicants were invited to tender and could apply for any or all of the service categories (Lots).
29. To support the applicants through the process and encourage on-going participation the council invited those shortlisted to an information / question and answer session and a tour of the children looked after, Resource Centre at Talfourd Place a few days after the invitation to tender documents (ITT) had been issued.
30. This venue was selected as the specification requires providers to facilitate foster carer/s supporting young people to make full use of the comprehensive range of services at this site. Resources and advisors are available which include a group worker, drop-in service, women's worker, personal adviser from 17.5 years, connexions adviser, employment adviser and looked after child nurse.
31. The 27 shortlisted applicants were invited to tender by email on 2 May 2013 with a response deadline for completed tenders of 12.30pm Wednesday 19 June 2013. 24 tenders were returned by this date. The other 3 applicants withdraw for commercial reasons and a further 6 applicants failed the quality evaluation.

32. To support the selection process, applicants were required to provide core information concerning the total number of fostering households they had available for looked after children aged 0 -18 as at April 2012. A fostering household can be approved to accommodate one; two or three looked after children. This was further broken down to include proximity to the council (20 miles) and ethnicity.
33. This information was then used by the council to ensure providers selected for the framework would have sufficient capacity to meet the level and range of identified needs. One of the specific aims of the framework process was to also attract new providers who whilst not being able to provide an immediate cohort of local carers, could over the four year framework period, be able to work in partnership with the council to develop additional local capacity.
34. The top ranked applicants for generalist and specialist services were allocated to Tier 1 and the remaining successful applicants for the framework were allocated to Tier 2. Under the evaluation methodology it was agreed that this would be evenly split between tiers, unless there was an odd number, where the higher number would then go into Tier 1. The final evaluation scores for each lot were ranked in descending order to determine the mid-point for each. In the event of equal scores bidders were ranked equally e.g. 4th, with the next applicant being ranked 6th. In the event of an uneven number of bidders, the mid point was drawn so that the majority of the applicants were above the mid-point line.
35. Please see Appendix 1 for price submission for each service category. The table below is a summary of the scores and the number of providers in each tier for each service category:

Lot 1 – Generalist

From a total of 24 applicants, 5 failed to pass the generalist quality threshold of 55%, therefore they were excluded from applying for the generalist and specialist lots of parent and child, disabled children/severe profound and youth offending remand placements. From a total of 19 successful applicants, 10 are placed in Tier 1 and 9 in Tier 2.

Proposed Applicants	Price Weighted	Quality Weighted	Price & Quality Total
Tier 1			
Provider A	47.68	31.20	78.88
Provider B	49.63	25.20	74.83
Provider C	48.51	25.60	74.11
Provider D	45.11	28.80	73.91
Provider E	41.27	32.40	73.67
Provider F	46.70	26.80	73.50
Provider G	43.57	27.20	70.77
Provider H	42.84	26.40	69.24
Provider I	44.90	24.00	68.90
Provider J	46.06	22.80	68.86
Tier 2			
Provider K	42.40	26.00	68.40
Provider L	45.69	22.00	67.69

Proposed Applicants	Price Weighted	Quality Weighted	Price & Quality Total
Provider M	42.82	24.80	67.62
Provider N	44.69	22.00	66.69
Provider O	42.12	23.60	65.72
Provider P	40.23	23.20	63.43
Provider Q	37.56	25.60	63.16
Provider R	29.58	30.40	59.98
Provider S	28.12	26.80	54.92

Lot 2 Specialist – Parent and Child

From a total of 19 successful generalist applicants, 6 are placed in Tier 1 and 6 in Tier 2, a further 7 applicants failed to pass the specialist quality threshold of 50%.

Proposed Applicants	Price Weighted	Quality Weighted	Price & Quality Total
Tier 1			
Provider C	51.51	24.00	75.51
Provider H	44.83	26.40	71.23
Provider F	44.63	25.60	70.23
Provider I	41.80	26.40	68.20
Provider M	45.48	22.40	67.88
Provider K	41.35	22.40	63.75
Tier 2			
Provider L	42.77	20.80	63.57
Provider A	42.93	20.00	62.93
Provider Q	39.73	22.40	62.13
Provider G	39.55	22.40	61.95
Provider E	33.92	28.00	61.92
Provider S	30.20	24.80	55.00

Lot 3 Specialist - Disabled Children and Young People

From a total of 19 successful generalist applicants, 5 are placed in Tier 1 and 5 in Tier 2, a further 8 did not apply and 1 applicant failed to pass the specialist quality threshold of 50%.

Proposed Applicants	Price Weighted	Quality Weighted	Price & Quality Total
Tier 1			
Provider B	47.12	30.40	77.52
Provider N	47.92	28.80	76.72
Provider G	41.68	23.20	64.88
Provider R	34.73	32.00	66.73
Provider F	38.43	25.60	64.03
Tier 2			

Proposed Applicants	Price Weighted	Quality Weighted	Price & Quality Total
Provider J	37.85	25.60	63.45
Provider Q	34.23	25.60	59.83
Provider H	39.02	20.00	59.02
Provider P	36.66	21.60	58.26
Provider K	35.27	20.00	55.27

Lot 4 Specialist - Youth Offending Remand Placements

From a total of 19 successful generalist applicants, 4 are placed in Tier 1 and 4 in Tier 2, a further 9 did not apply and 2 applicants failed to pass the specialist quality threshold of 50%.

Proposed Applicants	Price Weighted	Quality Weighted	Price & Quality Total
Tier 1			
Provider B	50.60	24.00	74.60
Provider E	46.00	24.00	70.00
Provider N	43.98	24.00	67.98
Provider M	43.50	24.00	67.50
Tier 2			
Provider H	32.80	24.00	56.80
Provider R	28.18	28.00	56.18
Provider K	30.12	24.00	54.12
Provider Q	28.18	22.00	50.18

Plans for the transition from the old to the new contract

36. The council currently has interim service provision arrangements with a number of providers. Where these providers have been successful in being admitted to the framework, any existing placements with them will transfer onto the new framework terms and conditions, including pricing. There are currently 35 providers, 16 have not applied, 4 have applied but failed, 2 applied but withdrew at the ITT stage and 13 have been proposed to a combination of Tier 1 and 2.
37. Where an existing provider has not been admitted to the new framework, either because they did not participate in the procurement process, or did and were unsuccessful, current placements will remain in place under existing terms and conditions and pricing, however monitoring and management arrangements will be aligned with those of the new framework so as to ensure service consistency.
38. Legal services have advised that the conditions applying to TUPE are not met in the engagement of providers on spot contracts. This was highlighted in the procurement documentation although making it clear that all applicants should seek their own independent advice and that no warranty was given regarding the effect or impact of TUPE.
39. In addition the following internal operational changes have/are due to take place:

- New service to be communicated through the Children's Service Transformation Programme (Social Works Matters).
- Specific workshops to be set up with the independent reviewing officer team and senior children looked after management.
- The joint Children's and Adults' Commissioning merger has incorporated the operational changes involved for commissioning staff and providers.
- The development of a placement team's operational manual.
- Information to be developed in the children looked after handbook for social work staff.
- The establishment of a framework operational group to involve the participation of invited service providers for the purpose of developing the operational and processes of the framework, and reviewing new guidance as it arises.
- Communicating with all the existing providers who were not admitted to the framework to begin the alignment of management arrangements.

Plans for monitoring and management of the contract

40. The Directorate of Strategy and Commissioning, Children's and Adults' services is the department responsible for managing the contract. The performance mechanism for this framework includes:
- Quarterly Monitoring
 - Annual Monitoring
 - Annual Performance Assessment
 - A Mid Term Tier Review
41. The council shall undertake service review processes to ensure providers are delivering the best possible quality and outcomes for its looked after children. These processes and the specification reflect best practice and are designed to keep children/young people safe. The council shall always be alerted if there are any concerns relating to the safety of a child/young person.
42. The key performance indicators for all children/young people include:
- Unplanned moves
 - Absenteeism from school
 - Arrested/warned/ reprimanded or convicted
 - Placement planning meetings
 - GP registration
 - Dental and health assessments
 - Personal / education/ planning meetings
 - Weekly sport/classes
 - Risk assessment (including health and safety practice)
43. The council recognises that some children/young people can be extremely challenging and may not achieve expected outcomes despite first class practice interventions. In these circumstances the provider's performance against any key performance indicator where the standard was not reached, shall be considered taking into account the provider's summary report for the child/young person and feedback provided from their social worker, independent reviewing officer and the council's placement panel. This additional information shall be used to determine whether it is fair to conclude that more could have been reasonably done by the provider to support the child/young person to meet their desired outcome(s).

44. If the quarterly and annual review processes indicate any trend concerning outcomes or a serious concern relating to specific child/young person, providers may be required to develop an intervention/improvement plan in partnership with the commissioning team and children looked after service. Milestones and timescales for the intervention plan shall be agreed relating specifically to any issue, trend or the number and degree of key performance indicators which have not been met. In all cases however an absolute maximum period of six months for the intervention is permissible, at the end of which appropriate action will be taken if sufficient improvement is not evidenced.
45. 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. This assessment will 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.
46. The main aims of the annual performance assessment are to:
- Determine if a provider is achieving the required standards
 - Discuss a provider's performance
 - Identify any working/partnership areas which need development
 - Determine the impact of any actions and activities set at earlier annual performance assessment meetings and change or revise them, as appropriate.
 - Agree actions and activities to improve performance/working practices for both parties.
47. To ensure providers maintain high standards, a major incentive has been built into the framework by way of the tier system. At the end of year two (contract mid point) a pricing and quality 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 quality service must be high and ongoing pricing must be competitive. Failure to remain financially competitive will result in the more expensive agencies risking demotion to Tier 2 whilst also providing an opportunity for providers in Tier 2 (who have met all the quality standards) to be promoted to Tier 1.
48. At the mid point of the four year framework agreement, the council's commissioning services team will review the placement capacity, performance and pricing of all framework providers in both Tier 1 and Tier 2. This review will be undertaken in January 2016 and may result in a provider being moved either up or down between Tiers.

Identified risks for the new contract

49. Table 1 below summarises the risks for the new framework.

No.	Risk	Likelihood	Risk Control
1.	A provider loses their OFSTED rating of good/excellent which may be a material breach until OFSTED reassesses.	Low	A decrease in an OFSTED rating will result in a suspension rather than removal from the framework. The mid year review will assess the capacity of providers to meet 75% of new placements.
2	On-going financial stability of providers.	Low	Option to transfer the foster carers from providers to the council's in-house service. Financial monitoring to form part of the contract management regime. Appropriate legal conditions have been included in the Framework Agreement in order to provide protective powers and remedies for the council.
3	Staff continue to spot purchase with known organisations outside of the framework.	Low	High profile launch of new framework. Referrals will be placed without the identification of the provider and the price. Monitoring of off framework spend.
4	Savings identified cannot be achieved. Prices may go up rather than down following the mid term review.	Low	The tier model has been applied successfully elsewhere. Financial factors such as the sibling and volume discounts should contribute to overall savings for the council. The mid year review will ensure continuous assessment of price and quality by benchmarking with London Care Services and neighbouring boroughs. The framework will reduce the volatility of placement prices and breakdown to reduce overall price pressures.

50. A performance bond was not required. However, where applicable providers will be required to supply a parent company guarantee.

Community impact statement

51. All providers have demonstrated their commitment to diversity and equal opportunities. As highlighted within the contract specification, all contracted arrangements meet specific cultural and language needs where applicable.

52. The service is accessible for children and young people to support their needs by promoting equality and responding to diversity including issues with respect to age, disability, faith, gender, ethnicity and sexuality.

53. 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.

Sustainability

Economic considerations

54. The details of the contract were advertised on the council's website which attracted the interest of the local providers. Consequently the providers are offering 1,024 households/foster carers that are within 20 miles of the council's Looked after Children's services, Talfourd Place.

Social considerations

55. The successful providers demonstrated that they met the London Living Wage (LLW) requirements for all their employees and other staff. For this service it was considered that best value was achieved by including this requirement as this enabled providers to employ suitably qualified professional social work staff to provide a quality service. On award, the associated quality improvements and cost implications will be monitored as part of the annual review of the contract.

Environmental considerations

56. The council supports keeping families and communities together and the award of the new framework is consistent with that objective. This also reduces the need for excessive car journeys and public transport thus contributing to the reduction in carbon emissions.

Market considerations

57. From the 19 successful applicants, 16 are private organisations, 2 are registered charities and 1 is a limited liability partnership. The 10 organisations have fewer than 50 employees, 7 are between 50 and 250 employees and 2 are over 250 employees. From the 19 applicants, none are local to the borough of Southwark, 16 are regional and 3 are national.

Staffing implications

58. The operation and oversight of this framework will be managed within existing resources.

Financial implications (FI:CS0273/NA)

59. 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 achieve reductions in spend of up to £275k per year as set out in the tables below. This is based on the assumption that the profile of the placements will remain unchanged and a reduction in the average price per week of £59 (current average weekly price £899; assumed average weekly price £840 for new placements).

	Assumed annual placements churn	Annual cost reduction £
By year 2	30	92,293

	Assumed annual placements churn	Annual cost reduction £
By Year 3	60	184,586
By Year 4	90	276,879

60. It should be noted that this is a demand led service currently expected to spend £5.8m against the budget of £4.7m in 2013-14. This funding pressure is not linked to the proposed contract but rather an increase in the care population in the last year. Work is ongoing to realign the Children's and Adults budgets and if necessary a bid for additional commitments will be made.

Legal implications

61. Please see concurrent from the Director of Legal Services.

Consultation

62. An extensive staff consultation exercise was entered into at the commencement of the process, including the independent reviewing officer and placement teams. A significant number of focus groups were held including one for older children looked after / care leavers. In addition feedback was used from the extensive May OFSTED inspection questionnaire exercise and the 2012 "Tell it as it Was exercise by Speakerbox. Workshops were also held with current providers.

Other implications or issues

63. Not applicable.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS (Post CCRB)

Head of Procurement

64. This report is seeking approval to appoint a range of suppliers onto a framework that will provide independent fostering services which will supplement Southwark's existing foster carer service.
65. The report confirms that the procurement process followed was in line with the procurement strategy which was approved by Cabinet in September 2012.
66. The evaluation of the tender submissions was undertaken by a range of stakeholders using a weighted model 60/40% in favour of price.
67. The procurement of the framework formed part of a wider project for this service. Other work streams included a review of the business processes surrounding the service which should deliver a clearer referral process and enhanced monitoring arrangements. Paragraph 39 lists a number of operational changes that will be in place to support the running of the framework. Operating rules for the framework have been developed and will be communicated to all staff.
68. The framework has been designed to incorporate 'on going' competition within each of the lots. Throughout the life of the framework, performance and price will continue to influence the rankings within the lots. Also the two tier approach

described in paragraph 9 will affect the level of opportunity that providers receive to secure work i.e. if appearing in Tier 1, a provider will get first opportunity to compete for placement. It will be possible for movement between tiers. A review of price and quality will take place at the mid point (after two years) of the framework and this will lead to the providers being re ranked.

69. Paragraphs 36 to 39 confirm the transitional arrangements from the existing arrangements to the new contracts. Where existing placements are with organisations that have been admitted onto the new framework, these will transfer to the terms and conditions of the new framework. Where existing placements are with organisations that have not been successful in being admitted onto the framework or did not apply, these will continue to operate under the existing terms but will be monitored and managed in line with standards outlined in the new framework.
70. The monitoring arrangements for the framework and the placements that are made through it are described in paragraphs 40 – 48. The success of this framework will depend largely on it being used in accordance with the operating rules and performance monitoring feeding into the process. The running of the framework should therefore also be monitored to ensure that it is happening.

Director of Legal Services

71. The Director of Legal Services (“DLS”, acting through the Corporate team) notes the content of this report, which seeks approval of the award of an independent fostering service framework for children in care to the providers listed in Appendix 1 for a period of four years commencing on 14 October 2013 in the estimated maximum sum of £23m and notes that the strategic director of children’s and adults’ services will award contracts for individual placements on the council’s preferred terms through the framework.
72. On the basis of the information contained in this report, it is confirmed that this procurement was carried out in accordance with Contract Standing Orders (CSOs) and the relevant legal requirements. A contract award notice will need to be posted in the OJEU within 48 days of the award of the framework.
73. As part of the award process, there will need to be a standstill period of a minimum of 10 calendar days between notification of the successful providers and the award of the framework, so as to allow unsuccessful providers the opportunity to challenge (if they decide to) the award of the framework.
74. This framework is classified as a strategic procurement and therefore CSO 4.5.2 a) requires the cabinet or cabinet committee to authorise the award of this framework, after consideration by the corporate contracts review board (CCRB) of the report.

Strategic Director of Finance and Corporate Services (FC13/058)

75. This report seeks cabinet approval to award an independent fostering service framework for children in care. The financial implications are set out in paragraphs 59 and 60 and show the potential savings this framework can deliver. Financial risks and mitigations are detailed in paragraph 49.
76. The strategic director of finance and corporate services notes the current pressures on this service, which are being monitored and reported through the

quarterly revenue budget reports to cabinet. Any savings or growth in the future years of this contract will need to be identified in the budget setting process.

77. It is expected that robust monitoring arrangements will be in place to ensure this contract delivers the expected savings. Officer time to implement this framework will be contained within existing resources.
78. The financial implications are set out in paragraphs 59 and 60 of the report.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 - Procurement Strategy Approval Independent Fostering Services (Open report). This document is available to view on this web page: http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&MId=4246&Ver=4	Children's and Adults' Services	Mark Taylor 0207 525 3513

APPENDICES

No	Title
Appendix 1	Price Submissions

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, Project Manager	
Version	Final	
Dated	5 September 2013	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Procurement	Yes/No	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		5 September 2013