

Report for: May Cabinet member signing

Item number: 6

Title: Approval to Commission Independent Fostering Agencies via a Dynamic Purchasing System for Children Services

Report authorised by: Ann Graham, Director: Children's Services

Lead Officer: Caroline Brain- Assistant Director, Children and Young People Commissioning and Programmes

Ward(s) affected: All

Report for Key Decision: Key Decision

1. Describe the issue under consideration

- 1.1. The report seeks authority to undertake a procurement exercise to commission Independent Fostering Agencies (IFA) placements for children looked after via Dynamic Purchasing System (DPS) ensuring compliance with the Public Contract Regulations 2015.
- 1.2. The Council has a statutory duty under Section 22G of the Children Act 1989 to provide sufficient local 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 is looking after.
- 1.3. The Council currently spot purchases foster care provision from a range of IFAs due to insufficient capacity within in- house foster carers. Setting up the Councils own Dynamic Purchasing System (DPS) will support in budling a long-term arrangement with providers, focusing on developing closer relationships. This will assist Haringey in managing the market, controlling costs and working in partnership to increase the number of foster placements within the Borough to support children looked after.
- 1.4. In 2023/2024, 123 children looked after were placed with IFAs and £5.8 million was spent on this provision.
- 1.5. As of Feb 2025, 87 children looked after were placed in IFA placements
- 1.6. In FY 2024/2025, £5.1 million was spent on independent fostering
- 1.7. A new DPS will be established and the estimated spend up to 4 years term is estimated at £22.5 million this figure includes annual inflation of 4%
- 1.8. The new DPS will enable the Council to commission fostering placements for children and young people from IFAs until such time as the Procurement Act 2023 (Commencement and Transitional and Savings Arrangement Regulations 2024) permit, currently not being less than 4 years.

2. Cabinet Member Introduction

2.1. As a Corporate Parent the Council has a statutory duty to ensure sufficiency of accommodation for our most vulnerable children and young people. Commissioning foster provision from external providers will ensure the council is meeting its duties and that the route to the market will ensure the Council is compliant with Public Contract Regulations.

2.2. It is vitally important that where possible children are given the opportunity to grow up in safe, nurturing family environment. This allows children to interact with other family members, develop essential social skills and feel valued and supported.

3. Recommendations

3.1. For the reasons set in the report and its appendices, Cabinet is recommended to approve:

3.1.1. the estimated spend of up to £22.5 million on Independent Fostering Agencies over a period of 4 years via the DPS which is inclusive of annual inflation of 4%.

3.1.2. the commissioning fostering placements from Independent Fostering Agencies for Children looked after via the corporate DPS pursuant to Regulation 34 of the Public Contracts Regulations 2015.

3.1.3. Where contracts valued at £500,000 or more that require approval by Cabinet as per Contract Standing Order (CSO) 9.07.1 d) or modified as per CSO 10.02.1 b) (variations and extensions to contracts of £500,000) or more; to delegate authority to the Director of Children's Services in consultation with the Lead member for Children's, Schools and families to award, vary or extend any individual call offs or block contract arrangements under the DPS to successful providers up to £1 million per award or any individual variation and extension.

4. Reason for decision

4.1. Services will be commissioned through Haringey's DPS and be aligned to the procurement regulations, ensuring compliance and flexibility in developing the provider market.

4.2. The Council has a statutory requirement to provide accommodation for children who are in its care and to improve outcomes and actively promote the life chances of children they look after. It is the responsibility of local authorities to act as the best possible parent for each child they look after.

4.3. Haringey's Looked After Children's Sufficiency 2022- 2026, as part of this strategy, the Council aims to place the majority of looked after children in high-quality, cost-effective, local, family-based placements. Commissioning Independent Fostering Agencies supports the Council in achieving this goal.

5. Alternative options considered

5.1. **Do nothing:** This option was discounted: The Council has a statutory duty under section 22G of the Children Act 1989 to take steps that secure sufficient accommodation within its area for children in their care.

5.2. Doing nothing would mean continuing to spot purchasing without a framework in place which would mean a lack of purchasing control and the element of competition to drive cost efficiencies to secure better value for money. This would not be compliant with procurement regulations.

5.3. **Deliver in house:** The council already has its own in house fostering service and other arrangements such as kinship network. This would not meet the sufficiency requirements for all children looked after.

6. **Background information**

6.1. Section 17 of the Children Act 1989 places a general duty on every local authority to safeguard and promote the welfare of children in need within their area by providing services appropriate to those children's needs.

6.2. There is a significant challenge in recruiting and retaining foster carers faced by Local Authorities and IFAs. The number of approved fostering households has decreased, while the demand for placements has increased. The market is used on a national footprint and demand nationally is outstripping the supply meaning that providers can choose which children they match to – often this can be those with less complex needs.

6.3. The market to recruit foster carers is competitive and we know from the data in the report that the financial offer to in-house foster carers is lower compared to IFA placements which includes higher fees paid to carers and additional overheads.

6.4. Haringey's has seen a continual decrease in the number of children looked after over the last three years. An insufficient number and range of in-house foster carers means that the Council has to place children in independent fostering agency placements that are always more expensive and very often out of the Borough, or in residential placements that are sometimes not in line with the child's needs to be in a family and always at a high cost. In November 2024 the government announced that there will be a 3.55 per cent increase to the national minimum allowance (NMA) for foster carers in England.

6.5. While we appreciate the increase in the financial support for foster carers, this will impact the council's budget as the weekly average cost of Independent Fostering Agencies (IFAs) is expected to rise significantly.

7. **Current arrangements**

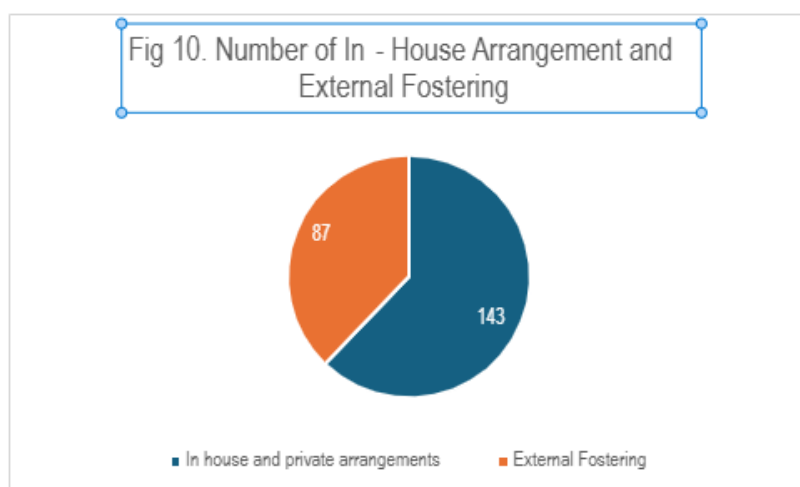
7.1. Foster care provision includes local authority foster carers, private foster care known as Independent Fostering Agencies (IFA) and kinship arrangements which is when children looked after are placed with a relative or someone they know.

7.2. Haringey has a children looked after population of 318 (as of Feb 2025) across all placement types. 230 children looked after were placed with either IFAs, In-House Foster Carers or other fostering arrangement.

7.3. Currently fostering arrangements is the most common placement type for children looked after in Haringey with 72% of children looked after placed in some form of fostering arrangement.

- 7.4. In-house fostering placements are more common and make up 62% of fostering placements. Please refer to Fig 10 below.

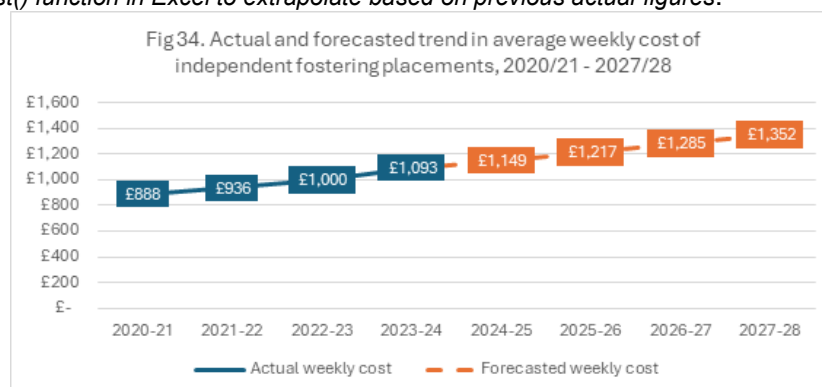
Fig 10. Number of In-House Arrangements and External Fostering



- 7.5. Placing children looked after with in-house foster carers is significantly more cost effective than IFAs with an estimated cost per annum of £22,308 per placement, compared to £56,624 through, an IFA.
- 7.6. As of Feb 2025, there were 28 kinship arrangements which has seen an increase of 40% compared to 2023/24 where there were 20 kinship arrangements.
- 7.7. Of the 87 children looked after placed in IFAs most are placed in and around Greater London, with a minority of placements scattered around other areas of Southeast England.
- 7.8. The majority of IFA placements are for children under the age of 18. Before turning 18 staying put arrangements are discussed with young people and IFA to remain with the foster carer after they turn 18. This will provide continuity and stability as they transition to adulthood. Young people can stay with their former carer until they are 21 or longer if they are still in education or training. As of February 2025, there were 27 young people in staying put arrangements.
- 7.9. The total number of IFA peaked in 2021/22 with a high of 195 placements during the financial year. For the last two financial years, this figure has been lower, dropping to 123 in 2023/24. Concurrently, there has been an increase in in-house foster placements and we are projecting that the number of IFAs will continue to decline with an increase in in-house fostering arrangements.
- 7.10. The average weekly cost of IFAs is almost double the cost of in-house fostering. Average weekly cost of an IFA placement is currently £1,149, while the in-house fostering placements cost £429 per week. The average weekly cost of an IFA placement is inclusive of management costs.
- 7.11. The average weekly cost is forecasted to rise each year, reaching an estimated average of £1,352 per week or more by 2027/2028 for an IFA placement. Please refer to Fig 34

Table 3 Actual and Forecasted Trend in Average Weekly Cost

Data source: MOSAIC and Controc. Please note that the forecasted figures are based on the use of the Forecast() function in Excel to extrapolate based on previous actual figures.



7.12. Haringey like most Local Authorities is keen to recruit more in-house foster carers which is of vital importance and is driven by Haringey's wider Adolescent, Fostering and Residential Strategy which sets out the plan to increase in house placement provision in Haringey. Haringey's target over the last 2 years was to increase in-house fostering placements by 30 and so far, we have recruited 21 new foster carers.

7.13. An insufficient number and range of in-house foster carers means that the Council has to place children in independent fostering agency placements that are always more expensive and very often out of Borough, or in residential placements that are sometimes not in line with the child's needs to be in a family.

8. Consultation and Engagement

8.1. We have held market engagement events and forums with providers to gather their views on joining Haringey DPS and on Haringey Quality Assurance Framework which will be the basis used to inform delivery of service and improvements needed. Haringey plans to continue with quarterly provider forums which will provide an opportunity to discuss any challenges and new developments

8.2. Care experienced children and young people have been engaged with and further engagement events will be planned during the contract period. Some of the key findings from engaging with care experienced children and young indicated the following:

- Most of the young people surveyed had lived in a foster family or residential home for a minimum of one year.
- At minimum, half of the young people who responded voiced that when living in this accommodation, it was important for them to:
 - be close to family and friends and local links.
 - have preparation to live independently
 - be close to education, work, or training opportunities.
 - have good transport connections bus or train.

9. Activity to reduce the budget pressure

9.1. With the significant demand on the Councils budget several initiatives are in place for children at the edge of care and to reduce the need to bring care or supervision proceedings which might lead to children being placed in the Councils care.

10. Commissioning of Independent Foster Homes

10.1. The Independent Foster Homes requirement has been separated into the following categories:

- **Lot 1:** Core Fostering Placements
- **Lot 2:** Specialist Placements
- **Lot 3:** Parent and Child Placements -

11. Contract management

11.1. Contract management will be incorporated alongside key performance indicators and quality assurance visits as a method of measurement are integrated within the requirement and will be monitored through contract monitoring meetings and reports. Contract meetings will be held every quarter, and the purpose of the contract meetings will be to examine the service delivery and meeting the outcomes for children looked after and young people. Individual placements will be reviewed at the statutory reviews for children in care which is essential to ensure their well-being and progress. These reviews are guided by the Children Act 1989.

12. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes

12.1. The commissioning of Independent Fostering Services aligns with the priorities within Haringey's Corporate Delivery Plan 2024-2026' specifically:

Theme 3: Children and young people

- Outcome 1: Best Start in Life
- Outcome 2 Happy Childhoods
- Outcome 3 Successful Futures

13. Carbon and Climate Change

13.1. The Council has set the date for a zero-carbon deadline of 2027, including core council operational buildings and all transport-related activities undertaken by the Council in the delivery of core services.

13.2. Practises will be adopted where possible to reduce climate impacts. This includes encouraging staff and children and young people to use sustainable transport methods, encouraging foster homes to utilise energy saving measures and waste reduction measures.

14. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

14.1. Finance

14.1.1. The report seeks authority to undertake a procurement exercise to commission Independent Fostering Agencies (IFA) for children looked after via Dynamic Purchasing System (DPS) ensuring compliance with Public Contract Regulations.

14.1.2. The contract will be for 4 years with an estimated cost of £22.5m (annual costs of £5.1m) this figures includes an estimated annual inflation of 4%.

- 14.1.3. The cost of this contract will be fully funded and met from the approved general fund budgets allocated to cost centre S36400.

14.2. **Strategic Procurement**

- 14.2.1. Strategic Procurement notes the contents of this report and have been consulted in the preparation of this report and will be leading on the procurement process for setting up DPS for Independent Fostering Agencies.
- 14.2.2. The report relates to services which are subject to the Light Touch Regime under the Public Contract Regulations 2015 (PCR). As such they are required to be advertised and comply with the procedures laid out in the PCR's.
- 14.2.3. Strategic Procurement confirm Cabinet approved the establishment of the DPS's referenced in this report in November 2024. These will be established in accordance with the Regulation 34 of the PCR 2015 and Contract Standing Orders 9.04.
- 14.2.4. Commissioning fostering placement from Independent Fostering Agencies via DPS is considered the most suitable and efficient route to market, offering the Council the potential to rapidly access new service providers much sooner than traditional procurement approaches. Furthermore, the DPS allows suppliers to join at any time, ensuring it remains open to new businesses throughout its duration. This approach increases competition, choice, and innovation.
- 14.2.5. Strategic Procurement confirms there are no procurement related matters preventing Cabinet approving the Recommendations stated in in paragraph 3 above.

14.3. **Legal**

- 14.3.1. The Assistant Director for Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report.
- 14.3.2. Regulation 34 of the Public Contracts Regulations 2015 (PCR2015) permits the Council to procure certain services by way of a dynamic purchasing system (DPS). Usually, a DPS is subject to the full procurement rules, however the services being procured in this report are categorised as Schedule 3 services under the PCR 2015, which falls under the Light Touch Regime ("LTR") processes, allowing significant flexibility as to how the DPS can be set up. The proposal to set up a DPS is a compliant route to procure the services in the report.
- 14.3.3. Pursuant to the Council's Contract Standing Order (CSO) 9.07.1(d) Cabinet has power to approve the award of a contract where the value of the contract is £500,000 or more.
- 14.3.4. Further to paragraph 9.3.3 above, the report recommendation in paragraph 3 to delegate authority to the Director of Children Services in consultation with the Lead member for Children's, Schools and families to award, vary or extend any individual call offs or block contract arrangements under the DPS to be established to successful providers up to £1million per award or any individual variation and extension is in line with law. Cabinet has power under the Local Government Act 2000 to delegate the discharge of any of its functions to an officer (S.9E (Discharge of Functions)).

- 14.3.5. The Assistant Director for Legal and Governance (Monitoring Officer) sees no legal reasons preventing the approval of the recommendations in the report.

14.4. Equalities

- 14.4.1. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act,
 - Advance equality of opportunity between people who share protected characteristics and people who do not,
 - Foster good relations between people who share those characteristics and people who do not.
- 14.4.2. The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. The first part of the duty applies to marriage and civil partnership status only. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 14.4.3. The decision outlined in this report is to approve the procurement of independent fostering agency placements (IFA) via an e-sourcing called the Dynamic Purchasing System (DPS).
- 14.4.4. Section 149 requires public authorities to remove or minimise disadvantages affecting any particular equality group. This means that giving due regard to Equality will require the procurement process, tender specification, and award of the tender to consider the needs of children looked after where appropriate, commission specialist foster services or require main providers to respond to the specific support needs of children looked after.
- 14.4.5. Eligibility for IFA placements are subject to an assessment by the Council's Social Services Department and determined by the level of need, not any protected characteristic. While certain groups are overrepresented within the current cohort of IFA placements (namely children from ethnic minority backgrounds, particularly mixed or multiple-ethnic, black, black British, Caribbean and black African children), it is not anticipated that they will be impacted by this decision because the proposal does not alter the provision of the service.
- 14.4.6. The proposed commissioning of this service is not considered to have a negative impact on any group with a protected characteristic.
- 14.4.7. An Equality Impact Assessment has been completed for the proposed, procurement of Independent Fostering Agencies and is included as Appendix One to this report.

15. Use of Appendices

- 15.1. Appendix One: Equalities Impact Assessment