

Haringey Council

Agenda item:

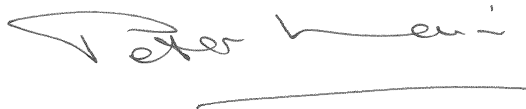
[No.]

Cabinet Procurement Committee

On 30th March 2010

Report Title: **Tender for provision of Fostering and Specialist/ Therapeutic Residential care services and Residential Family Assessment Services for Looked After Children**

Report of **Peter Lewis, Director for Children and Young People's Service**



Signed :

Contact Officer: Roy Choudhury

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Telephone: 0208 489 3635

Wards(s) affected: **All**

Report for: **Key Decision**

1. Purpose of the report

- 1.1. The purpose of this report is to award the Framework Agreements to the successful Tenderers listed in Appendix 1, subject to successful resolution of issues of clarification identified in sections 7 and 8.
- 1.2. This report seeks the Cabinet Procurement Members agreement in principle to award the 5 Framework Agreements:
 - Fostering Care Services
 - Specialist Fostering Care Services– Black and Minority Ethnic Carers
 - Specialist Fostering Care Services– Carers for Children with profound disabilities
 - Specialist/Therapeutic Residential Care Services
 - Residential Family Assessment Services
- 1.3. Members are further asked to delegate to the Director of Children Services the final letting of the Framework Agreements.

2. Introduction by Cabinet Member

- 2.1. Ensuring good quality foster care for our looked after children is a top priority for the Children's Service. Our current arrangements, with a very large number of providers, make it difficult to monitor the quality of care. Current arrangements are also very expensive. The proposed change to 5 Framework agreements will both reduce the overall cost, releasing funds which can be used elsewhere, and will also enable the service to achieve better quality provision.
- 2.2. Young people have been involved in the process and this has proved particularly valuable.
- 2.3. I believe we have followed the appropriate procurement procedures and I am happy to support the recommendations.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1 The proposed tenders contributes to the Council's following priorities:
- 3.2 **Encouraging lifetime well-being, at home, work, play and learning:** This will be key to the success of the service which will work closely with children and young people, their parents and families to keep children safe and achieving the Every Child Matters 5 outcomes within the family environment, where possible.
- 3.3 **Promoting independent living while supporting adults and children when needed:** The service will also support young people to move into independent living, where appropriate.
- 3.4 **Delivering excellent, customer focused, cost effective services:** Working in partnership with the successful providers, the aim will be to ensure targeted and appropriate placements options that offers improved value for money.

4. Recommendations

- 4.1. That, subject to successful conclusion of issues of clarification, Members agree the award in principle of 5 Framework Agreements for the above service, as allowed under Contract Standing Order (CSO) 11.01(b), and in accordance with the recommendations set out in this report.
- 4.2. Finalisation of Award is delegated to the Director of Children's Services.
- 4.3. That the Framework Agreements be awarded for a period of four years

5. Reason for recommendation(s)

- 5.1. Haringey Council has a clear objective to keep children as close to their area of origin as possible, and research into the current level of need and available provision has highlighted gaps in availability of local placements able to meet specific needs.
- 5.2. Through the tendering exercise, Haringey has identify organisations who can:
 - 5.2.1 Improve services to looked after children by demonstrating robust resilience

<p>when working with children resulting in stability and reduced placement move.</p> <p>5.2.2 Offer children the opportunity to maintain stable local networks and contact with their families by providing care that is local to their homes and schools, and is 'fit for purpose'.</p> <p>5.2.3 Provide carers who can more closely meet the cultural and religious and language needs of children.</p> <p>5.2.4 Provide carers who can meet higher levels of need, complexity and risk and who can manage complex contact arrangements between the child and their extended family members.</p> <p>5.2.5 Work in partnership with local authorities to ensure all available resources are used to achieve positive outcomes.</p> <p>5.3. The Council currently engages with a number of external providers for these services; purchasing such placements on a 'spot-purchase' basis. There are currently therefore a large number of providers who charge a negotiated fee on a case by case basis.</p> <p>5.4. A key driver for the provision through a framework contract is to achieve better value for money in the provision of these services both by building price certainty into the arrangements as far as possible and through encouraging efficiencies on behalf of the providers who should be able, on the basis of a more certain number of placements, be able to plan and develop better provision suited to the needs of Haringey Children and Young People.</p> <p>5.5. The tenderers have been asked to agree to fee levels, proposed in the contract documentation, which are based on benchmarked rates designed to lead to a reduction in the overall cost of these placements.</p>
<p>6 Other options considered</p> <p>6.2 Two alternatives were considered as alternatives to the framework arrangements proposed. These were to either do nothing (and have very little control over the Independent agencies on quality of service) or to tender for a management vender service for our looked after children in line with the Devon model of service, where by all placement request are directed through one umbrella organisation.</p> <p>6.3 Alternative one was discounted as there is a continuing danger that the council would continue to have little control over the costs charged by providers and the quality of service to our young people could not be monitored at a satisfactory level.</p> <p>6.4 Alternative two was discounted as it failed to achieve economies of scale from having the works undertaken by an external contractor who would be able to provide the service at a cost to the council. It would not address the overspend issue for an unacceptable period. It would incur additional tender time and associated costs.</p>
<p>7 Summary</p> <p>7.1 Haringey Council is currently commissioning placements under the Pan London</p>

Framework Agreements and currently working with approximately 60 to 70 different providers. The proposed change in the commissioning process will allow us to establish Framework Agreements with a smaller number of providers to better monitor the quality of provision in addition to enabling Haringey to stabilise costs, establish value for money and be better placed to forecast annual expenditure.

7.2 The Council plans to work in partnership with these small numbers of providers selected through the tendering exercise and who have demonstrated that they have the ability to deliver quality services, and work in partnership to ensure a range of placements are available.

7.3 The Providers identified have been confirmed as being of sufficient quality to meet the service needs and standards identified by the Council. All of the Providers have been financially assessed to evaluate their financial stability and their submissions financially assessed to evaluate value for money issues. A number of providers withdrew their tenders on the basis that they could not meet the requirement to agree to the schedule of rates provided.

7.4 However, there remain a small number of areas where detailed agreement needs to be reached with the proposed Tenderers and written into the contract documentation before a contract is executed. These largely cover the detail of items specified on the schedule of rates where differences exist on the extent to which bidders are able to accommodate either fully or partially with clarification, within the agreed rates.

7.5 Subject to clarification, of issues we propose to award the Framework Agreements to the organisations listed in Appendix 1.

8 Chief Financial Officer Comments

8.1 The relevant budgets for this area, identified as amounting to £9.6m are currently under significant and increasing financial pressure, both in terms of unit costs and numbers of placements. Whilst clearly the number of placements will not be affected directly by this process, one of the anticipated outcomes is to reduce the cost of these placements through reaching agreement on fixed placement rates whilst maintaining service quality.

8.2 Where existing providers are proposed for agreement under this contract, then current placements will also attract the agreed contract rates and so some immediate benefits will be achieved.

8.3 In addition to this immediate benefit, additional costs savings will be achieved over the life of the contract as new placements are made on the new contract rates. The service believes that in total savings could realise up to £700k-£800k per annum.

8.4 In order to ensure that the costs are as closely controlled as possible it remains necessary to define parameters with a number of providers to avoid later individual negotiations on price; these will be the subject of the issues of clarifications referred to.

8.5 There are also a number of service related issues to be finalised such as the desire to reach agreement with providers on measures to move from

placements to more permanent arrangements where this is in the best interest of the child (such as through Special Guardianship Orders) and where the Council would want to reach agreement on rates which better reflect the costs to the providers under these circumstances.

9 Head of Legal Services Comments

- 9.1 The services to which these Framework Agreements relate are categorised as residual services under the Public Contract Regulations 2006. Therefore it has not been necessary to follow a EU tendering exercise.
- 9.2 Children and Young People’s Service Directorate (“the Directorate”) has followed a restricted tender procedure to set up Framework Agreements for the provision of fostering and specialist/therapeutic residential care services and residential family assessment services for Looked After Children. The procurement has been carried out in accordance with Contract Standing Orders.
- 9.3 The propose award is on the basis of the most economically advantageous tender in accordance with CSO 11.01 (b).
- 9.4 Because of the proposed value of work to be awarded under the Framework Agreements, the award must be made by the Cabinet Procurement Committee in accordance with CSO 11.03 (contracts valued over £250,000).
- 9.5 The Directorate is requesting an award in principle with finalisation of the award to be delegated to the Director of Children and Young People’s Services. The Cabinet Procurement Committee has power under Section 15 of the Local Government Act 2000 to delegate any of its functions to officers.
- 9.6 The award of these Framework Agreements is a key decision and, as such, needs to be included in the Council’s Forward Plan in accordance with CSO 4.03. The Directorate has confirmed to Corporate Legal Services that this has taken place.
- 9.7 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in paragraph 4 of the report.

10 Head of Procurement Comments

- 10.1 The recommendation within the report are in line with the procurement Code of Practise
- 10.2 A restricted tendering procedure has delivered a Value for Money outcome with savings in the region of £700k per annum being achieved
- 10.3 The risk of service failure is minimised in the setting up of the new framework agreements by ensuring that all current placements remain stable.
- 10.4 Contract management arrangements have been put in place to ensure that all contractual obligations are fulfilled and any quality issues are addressed promptly

11 Equalities &Community Cohesion Comments

- 11.1 The equalities monitoring are incorporated as a requirement of the contract and the contract also states that the access to service must be available to the

<p>diverse community of the borough and any imbalance must be addressed.</p> <p>11.2 Equalities Officer was involved in producing the Tender documents and at the evaluation of Pre-Qualification Questionnaire.</p>
<p>12 Consultation</p> <p>12.1 The views of young people previously in care were taken into account as they formed a panel and were able to formulate questions which were put to the tendering organisations at interview.</p> <p>12.2 The Council has consulted Independent Fostering and Residential providers in “Buyers Event”.</p> <p>12.3 Legal Service, Corporate Procurement and Finance on process and producing the Tender documents</p>
<p>13 Service Financial Comments</p> <p>13.1 The relevant budgets covered by this tender process amount to around £9.6m although these are areas where acute budget pressure is being seen as the number and complexity of the children placed increase. These children represent around a half of the total Looked After Children (LAC) population.</p> <p>13.2 The intention of this tender process is, in part, to achieve better value for money both through a reduction in the number of organisations used and to bring downward pressure on costs through efficiencies and economies of scale.</p> <p>13.3 Contractors that have been asked to submit formal tenders have all been ‘appraised’ to ensure that they are financially stable. The final tender evaluation has also considers fully value for money so that Members can make an informed decision on the relative submissions made and that the potential effect on spending in this area is taken into account alongside service needs.</p>
<p>14 Use of appendices /Tables and photographs</p> <p>14.1 Appendix 1 - Procurement Process. It is contained in Part B and is not for publication</p>
<p>15 Local Government (Access to Information) Act 1985</p> <p>15.1 This report contains exempt and non exempt information. Exempt information is contained in Part B and is not for publication. The exempt information is under the following category (identified in the amended schedule 12A of the Local Government Act 1972 (3) information relation to the financial or the business affairs of any particular person (including the authority holding that information)</p>