



Derby City Council

COUNCIL CABINET
7 October 2015

ITEM 8

Report of the Cabinet Member for Safeguarding
and Children and Young People

**East Midlands Regional Children's Framework for Independent
Fostering Agencies and Children's Home Providers**

SUMMARY

- 1.1 This paper provides an overview of changes in relation to the East Midlands Regional Children's Framework (EMRCF), which is the principle mechanism for sourcing placements for children where there is no identified in-house provision that can meet the child's needs.
- 1.2 The framework is due to end on 31 January 2016 and is currently being re-procured. A recent review of its effectiveness has been undertaken to support the development of the new specification.
- 1.3 The number of placements Derby City Council are sourcing externally has increased, which is impacting on the overall cost of placements.

RECOMMENDATION

- 2.1 To note the content of this report.
- 2.2 To approve Derby City Council's continued participation in the EMRCF for sourcing independent fostering and children's home placements.

REASONS FOR RECOMMENDATION

- 3.1 Working regionally to re-tender and procure via the framework will minimise the administration costs involved. It will also enable the East Midlands Local Authorities (LA's) collectively to exert more influence over the market, quality and cost of these critical services.
- 3.2 The framework contributes to improvements in the efficiency and effectiveness of commissioning across the region, including:
 - Reduction in duplication of commissioning activity
 - Reductions in expenditure on high cost placements for small numbers of children and young people with complex needs, through more effective market management and joint negotiation with providers
 - Improved matching of needs and services for children and young people

reducing inappropriate provision.



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Report of the Strategic Director for Children and Young People

SUPPORTING INFORMATION

- 4.1 Children and Young People services currently use two main types of carers for placements for young people; in-house foster carers and in-house children's homes, and foster carers or children's homes with Independent Agencies. Placements are always sought with in-house provision prior to considering purchasing services from the independent sector.
- 4.2 Since April 2011, Derby City Council has been part of the EMRCF for sourcing external placements. The framework was established to enable consistency, comparison and transparency between different agencies and LA's, and enable LA's to benefit from economies of scale in contracting, quality monitoring and support costs.
- 4.3 The EMRCF has resulted in standardised quality measures and a more consistent placement process. Prior to the implementation of the EMRCF, Derby's agency placements in both fostering and children's homes were made under a 'spot' purchase arrangement with individual discussions with providers taking place on a case-by-case basis.
- 4.4 Current agency placement activity in Derby now shows:
- 98.3 % of independent agency fostering care placements are with EMRCF providers and 1.7 % are 'spot' purchased placements
 - 85.7 % of independent children's home placements are with EMRCF providers and 14.3 % are 'spot' purchased placements.
- 4.5 Six out of the nine East Midlands LA's currently use this framework to procure services, and Derby City have seen the advantages of a common approach. However, the current framework is due to end in January 2016, and a revised regional approach supported by all 9 LA's has been developed and is currently out to tender. The new configuration is expected to commence on 1 February 2016. A second phase to the project will be the establishment of another framework at a later date to include Special Educational Needs Pre-16 placements. The Local Authorities who do not currently use this framework generally use either spot purchase and/or block contracting arrangements.

- 4.6 Northamptonshire County Council (NCC) are the lead Authority for the contracting of the EMRCF, and Local Government Shared Services (LGSS) which is one of the largest shared service ventures in the UK for public services, is leading the re-procurement process on behalf of all partner local authorities in full compliance with the Public Contract Regulations 2015.
- 4.7 Providers' prices would again be 'capped' for the duration of the four year contract period; in addition, each individual placement would be sourced by either a 'call off' or 'mini competition', in which local authorities would seek the provider which can best meet the child or young person's needs, and will not exceed the indicative tender price but may be lower.
- 4.8 The framework services will be supported by a generic specification which will encompass all of the basic requirements with an additional service specification for each element of provision. Any provider whose performance falls below an acceptable level could be suspended or removed from the contract, as decided and agreed by the regional representatives.
- 4.9 The framework will open annually enabling new providers to join the contract. This will promote price competition and innovation. There will continue to be a central team based at Northamptonshire County Council who host and manage the contracts on behalf of the other local authorities.
- 4.10 The framework is currently being tendered and legal documents have been prepared by the Regional Project Manager and LGSS, following consultation with all the consortia LA's.
- 4.11 The consistency provided by the EMRCF supports more appropriate placements as the provider market works towards a clear specification, including responding to requests through the framework with tailored packages of support. The improved relationship developed by the Authority with these providers brought about by consistent use will allow greater quality control, and the focus on outcomes within the new framework will ensure that the voice of the child or young person is central to the placement.

OTHER OPTIONS CONSIDERED

- 5.1 Exiting the EMRCF would mean that Derby City Council must make alternative arrangements for either the spot purchase of agency residential and foster provision or the creation of our own framework. These options would require more resource and time to put in place and would lead to reduced spending power and a significant cost increase.

This report has been approved by the following officers:

Legal officer Procurement officer Financial officer Human Resources officer Estates/Property officer	Emily Feenan Laura Rose Alison Parkin
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Service Director(s) Other(s)	Frank McGhee, Director of Integrated Commissioning
For more information contact: Background papers: List of appendices:	Lisa Melrose 01332 642569 lisa.melrose@derby.gov.uk None Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 The table below shows a summary of spend over the last four financial years on services which were purchased using the framework, against the total spend on placements which includes spot purchase. Derby City Council spend on independent fostering and children's home placements:

Year	Numbers of placements using the framework	Total number of placements	Cost of placements using the framework (£)	Total cost of placements (£)
2011-12	139	145	6,089,365	7,492,404
2012-13	155	164	6,713,036	8,176,324
2013-14	156	171	7,780,309	9,131,562
2014-15	179	197	9,084,992	11,170,904

- 1.2 The EMRCF by using established processes and documentation has enabled placements to be identified, confirmed and monitored in an efficient way. Derby City has benefitted from the EMRCF by securing indicative savings in the region of £1.09m during the four year period as a result of discounts applicable in relation to sibling placements, long-term placements, permanence and monthly volume. Total indicative savings for the 2014-15 financial year were £360,735.
- 1.3 Further hidden savings can be considered in relation to the framework's fixed placement fees in that providers have been prevented from applying any inflationary increases to placement costs over the four year period.
- 1.4 Going forward it is anticipated that additional efficiency savings will be delivered as the new framework will provide an opportunity to block contract where potential savings have been identified. This will allow innovation and targeted work to take place to procure specific provision where efficiencies could be made.

Legal

- 2.1 Independent Fostering Agencies and Children's Home providers fall within the Light Touch Regime under the Public Contracts Regulations 2015. As such the contracting authority may decide, following appropriate consultation with the partner Authorities, on the method and procedure to be applied in connection with the award of these contracts provided that the general EC Treaty principles of transparency, openness and fairness are always adhered to. LGSS are leading the procurement activity on behalf of the region.

Personnel

- 3.1 There will be no impact on Derby City Council personnel however we will pay a charge of approximately £14,000 per annum to support a regional team which will continue to undertake contract and quality monitoring work on behalf of the region. Derby's contribution in 2014/15 was £13,885 based on placement numbers.

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- 4.1 None noted.

Equalities Impact

- 5.1 The framework allows the Council access to provision for our most vulnerable young people and caters for a range of needs for Looked After Children.

Health and Safety

- 6.1 All providers who are accepted onto the framework will have been assessed to ensure they provide appropriate quality of care in full compliance with relevant legislation. This will be monitored on an on-going basis by the regional team and on a local level by Commissioning and Operational Officers.

Environmental Sustainability

- 7.1 None noted.

Property and Asset Management

- 8.1 None noted.

Risk Management

- 9.1 There is a likelihood that the prices paid for new and existing placements will increase as a result of the establishment of a revised framework, as prices have been held for four years for the duration of the previous framework.

Corporate objectives and priorities for change

- 10.1 The proposal supports the following objectives:
- Safeguarding vulnerable children and young people
 - Commercial resilience to include delivering services in partnership with other organisations through 'shared services' arrangements.

