

Report to the Cabinet Member for Children, Young People and Schools
Report submitted by: Interim Executive Director for Children and Young People
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Part I

Electoral Division affected:
All

Fostering and Residential Care Commission

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Executive Summary

Lancashire County Council has a statutory duty to provide care and accommodation for children looked after who cannot safely remain at home. The most commonly used forms of care are fostering and residential; of which some is provided by internal services and some by external providers.

The current contracting arrangements for external providers are due for review. The purpose of this report is to highlight the re-commissioning of fostering and residential care and to request approval to procure and agree new contracting arrangements.

This is deemed to be a Key Decision and Standing Order 25 has been complied with.

Recommendation

The Cabinet Member for Children, Young People and Schools is recommended to approve procurement of external fostering and residential services, the value of which will exceed £1.4m over the lifetime of the resulting contracts.

Background and Advice

Lancashire County Council has a statutory duty to provide sufficient care and accommodation for children who are looked after who cannot safely remain at home. Fostering is the most common form of care and residential homes are used largely to support young people for whom foster care is not appropriate. The Directorate uses the commissioning process to ensure that the care and accommodation secured for children looked after is appropriate to meet their needs, improves outcomes and achieves value for money. Commissioning follows four stages, understand, plan, do and review. The understand and plan stages are underway and include a needs

assessment of current and future predicted children looked after requiring care placements, consultation with children in care and social care teams and mapping of existing provision. During the planning stage, service level agreements are developed for in-house services, procurement plans are developed and service specifications are agreed for external sourced services.

As part of the current commissioning strategy, Lancashire uses a mixed market of internally and externally managed foster carers and residential homes. In 2012/13, approximately £16.6m was spent on external foster care placements and £6.6m on external residential placements. External providers are contracted via a regional framework, which was the result of a regional procurement exercise. The foster care regional framework will end on 31 March 2014. The Authority currently has in place a block contract for residential care which includes an option to extend for a further two years from July 2014. A regional framework is also used for the purchase of external residential care, dependent upon the needs of the individual child. As part of the commissioning process for residential care, the directorate will agree whether to extend the existing block contract and whether procurement for further block contracts will give better value for money than the existing arrangement.

A new commissioning strategy is currently in development which will inform the contracting arrangements from 2014 onwards. The strategy will ensure that care for children looked after is sufficient in terms of volume, quality and ability to meet the needs of Lancashire's children looked after, as well as seeking to improve value for money and achieve efficiencies through improved commissioning and procurement of placements. The commissioning strategy links to other directorate and partnership strategies including early help, prevention, protection and permanence. It intends to ensure that children looked after are supported to achieve the best possible outcomes through the most appropriate care for their needs.

Procurement of external services will be undertaken in line with the Authority's Standing Orders, the procurement governance documents and UK and EU legislation.

Consultations

Consultation has taken place with OCL Lancashire Procurement Centre of Excellence and joint working will continue between OCL and the Directorate throughout the commissioning and procurement process.

Implications:

This item has the following implications, as indicated:

- effective commissioning of care for children looked after will ensure that the needs of Lancashire's children are met, outcomes are achieved and value for money is achieved;
- the commission will include the procurement of external services above the value of £1.4m over the lifetime of resulting frameworks / contracts.

Risk management

The use of both internal and external care providers enables the directorate to meet the needs of children looked after and ensures that sufficient care is available. Without the procurement of external services the authority would be at serious risk of not having sufficient placements and costs would increase through 'spot purchasing' arrangements.

Legal

There are no legal implications as the procurement exercise will be fully compliant with all legal requirements.

Procurement

Officers from the Directorate and the LPCoE will continue to work together to develop the optimum commissioning/sourcing solution for the Council subject to the item being agreed.

Financial

The placement of children and young people in residential and foster care represents a significant cost to the Authority. Lancashire currently has circa 1,140 children placed in fostering and residential care of which 40% are placed through external providers. In 2012/13 the Authority spent £23.2m through external providers and this is projected to increase in 2013/14.

In recent years demand for statutory services and the numbers of children looked after by the Authority have been rising whilst the Authority has, and is continuing to face a reducing funding envelope. The increasing demand coupled with budget pressures requires better services to be delivered at a lower cost. The commissioning strategy is part of a wider review of how services are delivered by the Authority.

The current contracting arrangements have resulted in favourable rates compared to other Authorities. Whilst the financial implications of the proposed commissioning strategy are not yet known, it is anticipated that by increasing the number of providers on the framework and reducing the number of spot purchasing arrangements unit costs can be driven down further.

The tendering process for the fostering framework will begin in November 2013, with the new agreement in place by April 2014. Any required tendering process for residential care will take place in early 2014. An open tendering process will be used in compliance with corporate standing orders and EU procurement legislation.

If this key decision is approved, financial viability of tendering organisations will be assessed as part of the standard tender assessment process.

List of Background Papers

None

Reason for inclusion in Part II, if appropriate

N/A