

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**7 July 2015**

**Report of the Strategic Director for Children & Younger Adults**

**East Midlands Regional Provider Framework for Independent Fostering Agencies and Residential Care Providers – (Children and Young People)**

**1 Purpose of the Report**

To seek Cabinet approval for the County Council to participate in the forthcoming re-procurement of the East Midlands Regional Provider Framework (EMRPF) for independent fostering agencies and residential care providers.

**2. Information and Analysis**

The EMRPF was established to 'shape the market' in relation to quality placement provision and placement cost for looked after children placed in agency fostering and residential care. Six East Midlands local authorities: Derbyshire County Council, Nottinghamshire County Council, Northamptonshire County Council, Rutland County Council, Derby City Council and Nottingham City Council can currently procure services using the EMRPF. Northamptonshire County Council is the lead local authority for the EMRPF and has a team that provides a support and monitoring function to the other five local authorities.

The EMRPF has been in operation since April 2011, and its four year term was due to expire in April 2015. The Framework has been extended until December 2015 and it is now expected that it will be extended for a further month until the end of January 2016.

The EMRPF has resulted in cost savings and placement process efficiencies for the six local authorities using the EMRPF. The established processes and regional documentation has enabled placements to be identified, confirmed and monitored in an efficient way. Derbyshire has benefitted from the EMRPF by securing savings in the region of £2m during the four year period. This is as a result of discounts applicable in relation to sibling placements, long-term placements, permanence and monthly cost and volume. Additional savings have also been made as a result of individual placement cost negotiations with framework providers. Total savings reported for the 2013-14 financial year are £843,000. 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.

Prior to the implementation of the EMRPF, Derbyshire's agency placements in both fostering and residential care were made under a 'spot' purchase arrangement with individual discussions taking place on a case-by-case basis. Current agency placement activity now shows:

- 93% of 109 agency fostering care placements are with EMRPF foster care providers and 7% are 'spot' purchased placements.
- 79% of 37 residential care placements are with EMRPF residential care providers and 21% are 'spot' purchased placements.

Derbyshire's actual spend during 2011-14 and budget spend during 2014-15, relating to placements secured via the EMRPF is shown below:

<b>EMRPF</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Residential placements</b>	1.302	1.775	1.712	2.583
<b>Fostering Placements</b>	2.840	3.755	3.998	4.420
<b>Pooled Budget, Complex Placements</b>	2.243	2.064	2.385	2.380
<b>Total</b>	<b>6.385</b>	<b>7.594</b>	<b>8.095</b>	<b>9.383</b>

### **East Midlands Regional Provider Framework Re-Procurement 2015**

The re-procurement of the EMRPF is currently underway, with a great deal of scoping work having been undertaken. The project has experienced a delay of 3-4 months, due to the previous Project Manager leaving to take up another post in December 2014. A new Project Manager, to be hosted by Derby City Council, has been recruited and took up post on 1 April 2015. Originally, it was planned to expand the scope of the EMRPF to include residential therapeutic placements and residential / day educational placements in addition to fostering and residential social care placements. This is still the intention, but due to the impact of the Project Manager vacancy, this will now be achieved via a phased approach. The first phase will be to re-procure the fostering and residential care services, with new contracts coming into effect from 1 February 2016. A further report will be presented to Cabinet to consider the detail of these. The second phase will extend the scope of the EMRPF to include therapeutic placements and some types of educational placements.

The re-procurement of EMRPF will help shape the market further in relation to the quality and cost of agency placements and placements with Independent schools.

Placement fees will be capped and maintained during the proposed four-year period. The Framework will open annually enabling new providers to join the contract. This would promote price competition, innovation and new ideas from the market.

There would continue to be a central team based in Northamptonshire that would manage the contracts on behalf of the other local authorities, which will be funded by contributions from all of the local authorities that have joined the EMRPF.

The proposed Framework services would all be supported by a generic specification which would encompass all of the basic requirements of providers, including Disclosure Barring Service (DBS) checks, training etc. There would then be a service specification for each element of provision. Any providers whose performance fell below an acceptable level could be suspended or removed from the contract, as decided and agreed by the regional representatives. Legal advice will be sought on the mechanics of how this will be reflected contractually and in the tender documents.

The detail of the proposals is still under development and is taking into account learning from the current regional framework, other contracts across the country and significant market and colleague engagement. The proposals are being developed in conjunction with all local authorities across the region.

The current planned timescale is set out below:

Activity	Date
Specifications developed	10 June 2015
Tender documentation finalised	14 August 2015
Tender advertised	24 August 2015
Evaluate tender	November to December 2015
Award Contracts	31 December 2015
Contracts Start	1 February 2016

### **3. Financial Considerations**

There are a number of financial implications to consider, most importantly the need to manage and control costs for the local authorities. The following initiatives are being considered for inclusion:

- Providers' prices would be 'capped' for the duration of the four year contract period; in addition, each placement search would effectively be a 'mini-competition', in which local authorities would seek the provider which can best meet the child or young person's needs, at the lowest cost;

- Providers would provide menu pricing for their services so commissioners could choose the services they require and only pay for the services they receive.
- There may be some changes to the current discount structure for social care placements to simplify the way in which the Framework operates (and remove the incentive for providers to artificially increase their basic prices, to reduce the impact of the discounts).

Working regionally to re-tender the Framework will minimise the administration costs involved in procurement and ongoing management of the Framework. It will also enable the East Midlands local authorities collectively to exert more influence over the market and the quality and cost of these very important services.

It is estimated that the re-tendering process will achieve efficiencies over the next four year period; however there is some risk that, initially, providers may see the re-procurement as an opportunity to increase their prices, which have been held at current levels for the past four years.

The development and re-procurement costs are expected to total £80,000. Derbyshire County Council's share is yet to be determined, but it is envisaged that the Council's share will be in the region of £10,000-£15,000. This includes the County Council's contribution towards the Project Manager's role and costs associated with Local Government Shared Services (LGSS) (one of the largest shared service ventures in the UK for public services) leading the re-procurement process.

In addition, ongoing costs for the central team over the four year period 2015-2019 will also be shared between participating local authorities, as under the current Framework Partnership arrangement. The annual cost to Derbyshire County Council is yet to be determined. However, Derbyshire's contribution for the 2014-2015 year is £16,471. These costs will be funded from CAYA core budgets (Safeguarding).

#### **4. Equality Consideration**

The re-procurement will have regard to equality and human rights issues.

#### **5. Legal Considerations**

Northamptonshire County Council is the lead Authority for the procurement of the EMRPF and will be responsible for procuring the Framework on behalf of itself and the other five local authorities. It is currently proposed that LGSS lead the actual procurement activity.

Independent Fostering Agencies and Residential Care Providers fall within the Light Touch Regime under the Public Contracts Regulations 2015. As such the contracting authority may decide 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.

The tender and legal documents are currently being prepared by the Project Manager and LGSS, and will be sent to the Director of Legal Services for approval prior to being issued.

**6. Other Considerations**

In preparing this report, the relevance of the following factors has been considered: Health, Human Resources, Environmental, Transport, Property and Prevention of Crime and Disorder considerations.

**7. Key Decision**

No.

**8. Is it necessary to waive the call-in period in respect of the decisions being proposed within this report?**

No

**9. Officer Recommendation** That Cabinet:-

- 9.1 approve the participation of the Council in the re-procurement of the East Midlands Regional Provider Framework for independent fostering agencies and residential care providers for the period 2015 – 2019.
- 9.2 notes that a further report on the outcome of the re-tendering of the Framework will be presented to a future meeting.

**IAN JOHNSON**  
**Strategic Director for Children & Younger Adults**