

**For General Release**

<b>REPORT TO:</b>	<b>Cabinet Member for Children, Families and Learning</b>
<b>AGENDA ITEM:</b>	<b>Background report to agenda item 19 Cabinet 16 March 2015</b>
<b>SUBJECT:</b>	<b>In-house Foster Carer Recruitment and Assessment</b>
<b>LEAD OFFICER:</b>	<b>Paul Greenhalgh, Executive Director - People</b>
<b>CABINET MEMBER:</b>	<b>Councillor Flemming, Cabinet Member for Children, Families and Learning</b>
<b>WARDS:</b>	<b>ALL</b>

**CORPORATE PRIORITY/POLICY CONTEXT**

The recruitment of in-house foster carers enables the Council to meet the key aspirations of the Community Strategy 2013-18 to protect vulnerable people (Goal 2) and the Corporate Plan 2013-15 and specifically the following objectives.

C2. A safe place

C2.2 - To continue to improve the quality of children's social care services

C2.4 (EO) - To further improve permanence and wellbeing outcomes for Looked After Children ("LAC") and care leavers

**AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:**

This contract is intended to improve the availability and quality of fostering placements for Croydon's LAC. By recruiting greater numbers of in-house foster carers and therefore increasing the service capacity, it will improve the availability of placements and increase choice when considering where to make appropriate placements.

**FINANCIAL IMPACT:** The increase in number of in-house foster carers will enable their utilisation and this will reduce the requirement of using higher cost placements for Croydon's LAC. It is anticipated that the net generated saving (including the contract cost) from using in-house foster carers will be £333,000 in 2015/16, £653,000 in 2016/17 and £922,000 in 2017/18 . This is a 20% saving compared to current outturn.

**KEY DECISION REFERENCE NO.:** *7/15/CFL* The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

## 1. RECOMMENDATIONS

- 1.1 The Cabinet Member for Children, Families and Learning in consultation with the Cabinet Member for Finance and Treasury is recommended to approve the award of a contract for the provision of In-house Foster Carer Recruitment and Assessment services for a contract term of 2 years with an option to extend for up to 1 further year to the contractor and upon the terms detailed in the associated Part B report.
- 1.2 The Cabinet Member for Children, Families and Learning is asked to note that the name of the successful contractor and price will be released once the contract award is agreed and implemented.

## 2. EXECUTIVE SUMMARY

2.1 This report recommends award of a contract on a Payment by Results (PbR) basis for the recruitment and assessment of in-house foster carers for the Council.

2.2 The Procurement Strategy approved by the Contracts and Commissioning Board on the 14<sup>th</sup> August 2014 was to conduct a Part B open tendering process to identify a provider for the provision of services for the recruitment and assessment of in-house foster carers, using the Most Economically Advantageous Tender evaluation based on 60% Quality and 40% Price.

2.3 The Detail section of this report sets out the background to the project in the context of current service provision and rationale for change in method of service delivery. The evaluation process demonstrates that due process has been followed and best value secured.

2.4 Having conducted this tender process the contractor has been identified as the most economically advantageous tender.

2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

<b>CCB Approval Date</b>	<b>CCB ref. number</b>
12 <sup>th</sup> February 2015	<b>CCB0972/14-15</b>

## 3. DETAIL

3.1.1 The Children's Act 1989 and Children and Families Act 2014 provides that responsible authorities are required to provide accommodation for Looked After Children (LAC) within the local authority's area.

3.1.2 The London Borough of Croydon aims to provide high quality care to Croydon's LAC with the over-riding priority of ensuring that children are cared for in a safe, secure and happy environment.

## **3.2 BACKGROUND**

3.2.1 Croydon Council currently has 423 Indigenous LAC (Non UASC). 270 of these children are placed with in-house foster carers (i.e. approved by the Council), 112 are placed in higher cost placements of which 84 are placed through independent fostering agencies (IFA) and 28 placed in semi-independent accommodation. In recent years there has been a continual increase in the numbers of LAC in the borough and there is a shortage in the number of available in-house foster carers. The shortage of in-house foster carers has led to an increased use of higher cost placements.

3.2.2 The use of in-house foster carers has a significant cost benefit over the use of independent foster carers provided through IFA's and semi-independent accommodation (external placements). External placements are used for a number of reasons; one of which includes that fact that there are insufficient in-house foster carers to meet the Council's needs. To date Croydon Council has been unsuccessful in recruiting the required additional number of in-house foster carers.

3.2.3 The annual cost of placing a child with an in-house foster carer is approximately £18k and the average annual cost of external placements is currently £43k. There is therefore a potential annual saving of £25k for every placement which can be transferred from an independent foster carer to an in-house foster carer. If all LAC currently in external placements could be placed with in-house recruited foster carers, this would result in an annual cost reduction of £1.9m

3.2.4 Recruitment and assessment of in-house foster carers is currently conducted by an internal recruitment team (the recruitment team). The recruitment team is 4 FTE comprising of 2 x Social workers who carry out some activities related to the recruitment process of in house foster carers, 1 x Marketing Officer (this post is currently vacant) & 1 x Fostering Liason Officer who works full-time on the recruitment activities. The recruitment team also uses agency social workers and sessional social workers (employed directly by the Council on a casual basis) to undertake foster career assessments – this is on an ad-hoc basis and there is no obligation on either the Council or the carer to offer or accept work.

3.2.5 Under the Council's initial assessment TUPE for 1 FTE is applicable, (1 FTE is vacant and the 2 x social worker FTE will remain within the Council moving into vacant social worker posts). The application of TUPE will only be fully established during contract mobilisation when further detailed discussions are entered into with the provider. The cost implications of TUPE are considered in the Part B report.

3.2.5 Since 2012/13, 786 enquiries from potential new foster carers were received. During this time 37 in-house foster carers were approved at Fostering Panel and the average length of time taken from initial enquiry to becoming an approved foster carer was 39 weeks.

3.2.6 Evidence gained from other Local Authorities demonstrated that the utilisation of external providers has proved successful in recruiting the required number of in-house foster carers. There are now a number of providers able to offer a total solution from advertising campaign design through to panel approval of foster carers. These external providers have achieved improved approval rates and increased efficiency in

the time taken from initial enquiry to approval at fostering panel.

### **3.3 PROCUREMENT APPROACH**

3.3.1 Prior to starting the procurement process research was undertaken into the service provision at other London Boroughs. This research identified that 3 local boroughs had successfully contracted with a single provider for the provision of a total system of in-house foster carer recruitment (from marketing to approval at fostering panel) and on a largely Payment by Results (PbR) basis. The contracted-out services had increased the numbers of in-house foster carers recruited each year for each borough and to a level where there was sufficient in-house capacity so that the majority of their LAC placement needs could be met by the in-house foster carers.

3.3.2 Benchmarking information was obtained from Price Waterhouse Coopers which suggested the likely cost per recruitment the Council would incur if it chose to contract out the service. Having evaluated the current service and the outsourced model a cost benefit was identified from adopting the contracted out model and that there was a reduced financial risk (as the PbR model transferred a large proportion of liability to the provider in the event of non-achievement in recruiting).

3.3.2 A market engagement event was advertised on the London Tenders Portal. 30 expressions of interest were registered by potential providers and 10 providers attended the market engagement event. The market engagement event set out the Councils likely requirement and need for future recruitment of in-house foster carers, the proposed payment model that was envisaged and the rationale for contracting out the service. Feedback from some of the providers following the market engagement event, suggested that the PbR model was likely to transfer too much risk to the provider.

3.3.3 A Part B open tendering process was used to identify a provider for the provision of services for the recruitment and assessment of in-house foster carers, using the Most Economically Advantageous Tender evaluation, based on 60% Quality and 40% Price. A 2 stage process was used with a 1st stage Pre-Qualification Questionnaire (PQQ) followed by 2<sup>nd</sup> stage Invitation to Tender (ITT).

### **3.4 TENDER EVALUATION**

3.4.1 Four providers completed the PQQ by the deadline of 8<sup>th</sup> October 2014. PQQ submissions were evaluated on financial grounds by the finance department. Only one of the providers was deemed to have the financial standing to be able to manage a contract of this value.

3.4.2 Qualitative submissions were evaluated by the LAC Delivery Manager and Unit Manager for Fostering Recruitment and Assessment. The submissions were assessed and final scores agreed at a moderation meeting on the 21<sup>st</sup> October 2014. The qualitative evaluation identified there was only one provider with the experience and capability of delivering a contract of this scope. Having evaluated the PQQ submissions only one provider was deemed compliant on both financial and qualitative grounds to be taken forward to ITT stage.

3.4.3 The provider was invited to tender for the contract and submissions were received on December 10<sup>th</sup> 2014. Having evaluated the submission using the same evaluation panels as at PQQ stage the provider has been assessed as being able to meet the needs of the service specification.

3.4.4 The tender was evaluated on the grounds of price and quality and was identified to meet the requirements of the specification fully. Using the tender evaluation matrix as outlined in the instructions for tendering, the recommended contractor scored 44 out of 45 on quality for the proposed solution and 40 out of 40 on price. The provider therefore achieved an overall moderated mark of 99%.

3.4.5 The contract price per recruitment was evaluated based on two scenarios (Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) for 1 FTE being applicable, and TUPE not being applicable). The application of TUPE will only be fully established during contract mobilisation when further detailed discussions are entered into with the provider.

**4 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

4.1 The financial implications of this proposed award are identified below.

**Revenue and Capital Consequences of Report Recommendations**

Number of in-house FTE				

4.2 The award of the contract should enable savings of £1.9m to be generated over the next 3 years

4.3 The main risks to the success of this contract are:

4.3.1 that in-house foster carers are recruited, but LAC are not placed with them, requiring placements to continue to be made with more expensive Independent Foster Agencies (IFA). The envisaged saving would therefore not be realised.

4.3.2 that the envisaged levels of in-house foster carer recruitment are not achieved requiring more costly LAC placements (IFA or Semi-independent living) to be utilised.

Approved by: Lisa Taylor, Head of Finance and Deputy S151 Officer

## **5. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

5.1 The Council Solicitor comments that the procurement process as detailed in this report meets the requirements of the Council's Tenders and Contracts Regulations and the statutory duty to demonstrate best value under the Local Government Act 1999

Approved by: Gabriel Macgregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer

## **6. HUMAN RESOURCES IMPACT**

6.1 This report makes recommendations involving service provision changes which are likely to invoke the effects of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, where the activities are "fundamentally not the same", TUPE may not apply, as provided for by the 2014 amendments to the Transfer of Undertakings (Protection of Employment) 2006 Legislation. The application of TUPE or otherwise would be determined between the transferor (the Council) and the transferee (the new service provider).

6.2 As a result of this commissioning process it is expected that TUPE would apply to 1FTE who works solely in the recruitment team for in-house foster carers, and the sessional social who are engaged on a on a casual basis (with no obligation to offer or accept work) to undertake foster carer assessments. TUPE is not expected to apply to the social workers (2FTE) as the majority of their social work activities are not transferring to the new service provider. The appropriate TUPE protocols must be followed; particularly the duty to consult with the recognised trade unions and affected staff groups.

Approved by: Deborah Calliste on behalf of the Director of Human Resources

## **7. EQUALITIES IMPACT**

7.1 An initial Equality Analysis has been undertaken and indicates that a detailed / full Equality Analysis is not required. This is on the basis that there should be no noticeable effect on the community or service user other than an improved service response time and increased service provision capacity and resilience.

## **8. ENVIRONMENTAL IMPACT**

8.1 N/A

## **9. CRIME AND DISORDER REDUCTION IMPACT**

9.1 N/A

## 10. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

10.1 Having evaluated the providers ITT submission on the grounds of quality and price, it is considered to be fully compliant in meeting the objectives of the tender process (on financial and qualitative grounds) and as the only supplier, contract award to this provider is recommended.

10.2 The contract reward model is designed to ensure that the costs incurred from this contract award are outweighed by the benefits that will be generated as a result of the outcomes of this contract. The contract award is therefore recommended on an invest-to-save principle.

## 11. OPTIONS CONSIDERED AND REJECTED

11.1 Consideration to increase the internal staff team recruiting the in-house foster carers was considered, but having calculated the scalability required to meet the organisational recruitment requirements, this would have resulted in an increased cost to the Council and with the risk that the identified recruitment requirements were not achieved.

11.2 Based on feedback at the market engagement event, the option to change the payment structure from a PbR model to staged payments was considered, but this was discounted as it would have increased the costs to the Council with the possibility that the increased recruitment of in-house foster carers was not achieved. This option was also not chosen as the evidence suggested there are suppliers out there who are willing to provide the service on a PbR model

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### CONTACT OFFICER:

<b>Name:</b>	Kelly Henry
<b>Post title:</b>	Delivery Manager, Looked After Children
<b>Telephone number:</b>	Ext: 60807

### BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

*None*