

APPENDIX A
Options Appraisal – IFA Contract

Over recent years the market has become increasingly difficult to manage. As children in care numbers continue to rise nationally, the market takes time to respond; this increase has been a constant feature over the last five years and there is a lag in the market place responding.

Nationally the number of fostering households is declining; The Fostering Network has said that the shortfall in foster carers in England is approximately 5,900¹. This is in part due to the introduction of the Staying Put legislation in 2013. Initially there was no immediate impact on sufficiency, however, over the period the gradual increase in the overall number of children Staying Put is such that it is now a significant factor on the available stock of foster care placements.

This has been further compounded by an increase in the number of Unaccompanied Asylum Seeking Children (UASC) requiring foster placements. This shortfall of available placements means that despite the large number of providers, there is little competition between them and IFAs have responded to increased demand by increasing prices². The increased need for placements from Local Authorities combined with this shortfall has created a “sellers’ market”.

Bristol’s current contract for Independent Foster Agency placements is due to end in March 2021. A new contract needs to be put in place to ensure compliance with procurement regulations and enable us to effectively manage the market and drive up the quality of carers available. There are 4 options that have been considered for replacing the current contract:

1. Set up a “Bristol only “Framework Agreement

This option was rejected, as experience and analysis suggests that greater economies of scale, improved outcomes (e.g. placement stability) and best value for money can be obtained through a collaborative procurement process with other authorities. Acting on our own would significantly reduce our purchasing power and therefore our ability to negotiate with providers in a notoriously difficult provider led market.

Furthermore, a single authority framework is less attractive for providers to join due to the lower level of spend and the lengthy tender process. Providers are increasingly selective on which frameworks they join and starting up an individual framework would not be time efficient for any provider. With placements already in short supply and the appeal for providers to join a framework no longer as strong as it once was; we recommend that joining a large consortium is more beneficial, as it would provide us with a substantial number of LAs (and purchasing power) to encourage IFAs to join.

There is also limited capacity within both the Strategic Commissioning and Procurement teams, taking on a large scale piece of work like this would require clearing the work plan to prioritise it. Increased capacity will be needed for both the commissioning stage and ongoing contract management. BCC would be solely responsible for monitoring all providers on the framework, whereas within a consortium this responsibility is shared.

2. Spot purchase.

This option was rejected because of non-compliance with the Public Contracts Regulations 2015, the resource intensity of individual negotiation and the increased risks in terms of cost and quality where

¹ The Fostering Network Recruitment Targets: <https://www.thefosteringnetwork.org.uk/advice-information/all-about-fostering/recruitment-targets>

² Foster Care in England - A Review for the Department for Education, Sir Martin Narey and Mark Owers

each placement required would be subject to market forces on a case-by-case basis.

3. Join the South West consortium

Based on previous South West frameworks, the joining cost is expected to be in the region of £6,400, however there are fewer benefits. Swindon Borough Council and Wiltshire Council, two of the larger authorities in the South West, have announced that they will be leaving the South West Consortium in order to join South Central.

The SW group will now be considerably smaller than the SC group and made up predominantly by small local authorities who make few placements; therefore significantly limiting the purchasing power in a notoriously difficult provider led market. The purchasing power of the SC group is far better suited to a large purchaser like Bristol.

We are already working with South Central partners both through the Residential framework and on our collaborative contract for independent / non maintained special schools and from this we already have good relationships established and know this is a strong, positive collaborative group.

There is a concern about breaking from some of our neighbouring authorities in the SW and we will need to work to maintain our relationships with them and ensure local market intelligence continues to be shared. However the fact that Swindon and Wiltshire will be moving across to SC means that we will remain linked with them.

4. Join the South Central Framework (recommended)

As outlined in the decision report, this is currently a collaboration of 16 local authorities across the South Coast and upwards to Oxfordshire. A particular draw to the South Central Framework is the fact that Swindon and Wiltshire, two of the larger South West authorities are now also joining. Commissioning as a larger consortium of authorities (with a significantly bigger market share than our current consortium) will allow us to meaningfully engage with and manage the market, whilst enabling us to achieve efficiencies in the purchasing and development of services

The consortium is a collaborative endeavour with significant purchasing power as a result, offering a stronger voice with which to speak to a key strategic market. Joining the group now, whilst the new contract is in the design phase, will ensure that we can exert influence to design a contract that will cover Bristol's different placement requirements and help us better meet the needs of our young people. The existing framework is running well and the consortium has reported a 25% decrease in IFA placements being made off contract.

Currently Bristol has access to 39 IFA providers on the South West framework and the proposed approach would increase this to 50 (based on the current South Central framework). This increases the opportunity to match children and young people to carers from the same ethnic, religious or cultural backgrounds and increases the pool of specialist carers to support children and young people with disabilities and/or complex needs.

The South-Central consortium also has a more developed, centralised contract management team, which will allow Bristol to drive up the quality of carers available and negotiate the best possible price for our children and young people. The central contract management team will have time to engage with the market to bring on new providers as well as co-ordinating information from QA visits and collating intelligence into regular reports for the group. Our Placements and Strategic Commissioning teams currently do some of this reporting which will free up the time of our staff.

The following core outputs of the Framework Co-ordination will be delivered on BCC's behalf, which will provide better oversight and evidence areas inform areas for development:

- Monitor and report on Framework Agreement provider performance against framework KPIs.
- Collate and report on performance issues.
- Respond to FOI requests pertaining to the business of the framework agreement.
- Provide an impartial mediation role between Consortium Members and providers as needed.
- Facilitate Provider engagement and communicate thematic issues experienced by consortium members.
- Provide red flag notification for Partners when a Provider has unplanned endings and fee increase requests, as well as monitoring this across the consortium etc.
- Facilitate the conversations around blocks between Partners and mitigate the risks of Partners block booking in a host authority against their wishes.
- Co-ordinate visits and sharing of information gathered by consortium members from visits of agencies. The function will also actively promote utilisation of such visits as an opportunity to confirm that services are being delivered in a manner that is consistent with tender submissions; an opportunity that is often/ usually missed
- Produce quarterly and annual 'Highlight Reports'. These reports will use information collected from the quarterly and annual monitoring returns from providers and will enable Local Authorities to benchmark performance in their area against regional and national averages.