 

**006050 – NEPO Provision of Independent Foster Care Services**

**Draft Commissioning Model V1**

**11.02.2019**

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| **1.** | **Consultation Instructions** |
|  | **The Proposed Final Lotting Structure and Proposed Financial Model is open for a four-week period of consultation from** **11 February 2019 to 11 March 2019.**  Although we have been consulting as a North East region with 12 Member Authorities, a decision has been made to retain separate arrangements in the North and South of the region, to allow the Tees Valley pilot solution to continue until it’s expiry. This will allow the Authorities in the South to understand how their innovative model is working. As you will be aware, arrangements in the North will end on 31 March 2019, and letters proposing to vary the length of the current Contract have been issued to Providers. This continuation of current services will allow the North authorities to finish their consultation and proceed to Tender. On that basis, the proposed Final Commissioning Model and Lotting Structure is open for a four-week formal consultation period until 11 March 2019.  Participating Authorities in the North of the region (Newcastle, Durham, Gateshead, North Tyneside, Northumberland, South Tyneside and Together for Children Sunderland) are consulting with Providers and stakeholders, in order to make a determination as to whether this model is sustainable for the market and financially viable for the Authorities.  The formal consultation period will take place over a total of twelve weeks, separated into three four-week blocks. Following the initial four-week period, the Participating Local Authorities will review Provider and stakeholder feedback and refine the Proposed Model, before going out for the second four-week consultation period.  **Providers and stakeholders are requested to respond to this consultation using the Consultation Response Form at Appendix 1. For responses to be considered within this 4-week period, they must be received by Newcastle City Council no later than 5pm on Monday 11 March 2019.**  In addition to the formal consultation, Providers are asked to carry out a modelling exercise to determine the sustainability of this option for them and to provide a full breakdown of costs (Appendix 2) to Newcastle City Council no later than 5pm on Monday 11 March 2019. Providers are also asked to confirm how the rate paid to Foster Carers is determined i.e. is the Foster Carer fee a set rate or calculated as a percentage of the placement fee?  **Participating Authorities will only be able to consider the proposed Financial Model if the level of return from IFAs is considered to be significant and majority representative of the known market.**  Providers are also asked to provide details of the numbers of days respite used per placement per Participating Authority from 1 January 2018 to 31 December 2018 (Appendix 3). During the consultation period the Local Authorities will carry out a similar modelling exercises to determine financial viability of the model for the Participating Organisations.  Newcastle, as the Lead Authority for the Collaboration, are offering Providers the opportunity to meet with them for a 1 to 1 discussion on the proposals, and the financial viability for individual Provider organisations. If you would like to take up this offer and arrange a meeting, please contact Linzi McMeekin, Single Point of Contact for the Collaboration.  [linzi.mcmeekin@newcastle.gov.uk](mailto:linzi.mcmeekin@newcastle.gov.uk) / 0191 211 5870 |
| **2.** | **Introduction** |
|  | **Background**  Following an Options Appraisal exercise in 2017, the North East Regional Governance Structure agreed that the 12 North East Local Authorities would come together to embark on a full Commissioning Phase prior to procuring a new Collaborative arrangement for Independent Foster Care Services. Feedback from Providers was that there was no reason that the North East Local Authorities could not come together as a group of 12, therefore proposals were put to the NEPO Regional Governance Structure, and a joint Commissioning exercise was approved.  **Current arrangements**  There are currently two separate arrangements in place for Independent Foster Care Services – the NE7 Framework Agreement in the North, and the Tees Valley Framework in the South.  The NE7 Framework Agreement has been in place in the North since 1 April 2015 and is led by Newcastle on behalf of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Together for Children (Sunderland).  The Tees Valley Solution began on 11 January 2018 and is led by Redcar and Cleveland on behalf of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton.  **The Collaborative Commissioning Phase**  Over the past 12 months, significant engagement and consultation has taken place between Providers and the 12 North East Local Authorities to develop a new service and Financial Model that would be viable for both the Provider Market and the Participating Authorities.  The NEPO Regional Governance Structure has now determined that the Tees Valley Pilot Framework should continue until it’s expiry in March 2022. This will allow sufficient time for the five Local Authorities in the South to understand how this innovative model is working and share their findings across the region.  The 12 North East Local Authorities will continue to explore the feasibility of developing a regional solution to be utilised by the 12 North East Local Authorities from 1 April 2022.  As a result, the seven Local Authorities in the North of the region have a requirement to procure a solution which will expire in March 2022.  This consultation now therefore only relates to the seven Local Authorities listed below (NE7):   * Newcastle City Council (Lead Authority) * Durham County Council * Gateshead Council * North Tyneside Council * Northumberland County Council * South Tyneside Council * Together for Children (Sunderland)   This current four-week consultation relates to pricing and Specification only. This a draft Proposal and elements of the model, including pricing, may be amended based on Provider and Local Authority feedback at the end of the four-week period. Any amendments will be published during the second consultation phase. |
| **3.** | **The Procurement Solution** |
|  | The NE7 Collaborative are proposing to run a bespoke tender process under the Public Contract Regulations 2015 (as amended), within the Social and Other Specific Services Procurement Route.  The proposed Flexible Procurement Agreement will provide a flexible solution to bring new Providers and Settings onto the contract during its lifetime. We are proposing to open the Flexible Procurement Agreement for new applications every month in the first year and at least once every six months thereafter.  **Length of Solution**  The proposed length of this procurement solution will be 18 months plus 1 x 12-month Option to Extend. This will align the end date of the solution in the North to that of the South. A joint Commissioning exercise will be undertaken to explore the feasibility of putting in place a regional solution to be utilised by the 12 North East Local Authorities from April 2022.  **Price Reviews**  During the consultation process, the Participating Authorities expected the solution to be put in place for 6 years, and as such through the consultation process we discussed including prescribed uplifts. As this Flexible Procurement Agreement will now be a short-term interim solution, we are proposing that the fees will be set for the 18-month contract plus extension.  **Call-off Procedures**  Call-off against the Flexible Procurement Agreement (the Contract) will be by Further Competition through the North East Procurement Organisation’s (NEPO) Electronic Tendering Portal.  **Contract Monitoring**  Contract monitoring visits will take place annually. Each Provider will be allocated a Link Officer from one of the seven Participating Authorities. An annual 1 to 1 conversation will be arranged between the Provider and Lead Authority, involving Participating Authorities.  The Lead Authority may, at its discretion, determine that in person visits are not required, where Providers do not have any current placements with the Participating Authorities.  Provider Forums will be held a minimum of two times per year in order to share best practice and address any matters that arise at a Contract level. Providers in this situation will be asked to provide information about their development and recruitment plans to grow their business and to offer placements to NE7 Local Authorities.  Providers will be required to report against young person specific outcomes on a quarterly basis, sharing this information with Commissioning teams.  **Transfer of existing placements**  It is proposed that there will be an option to transfer pre-existing contracts or Individual Placement Agreements on to the new Flexible Procurement Agreement. Transfer will be by mutual agreement between the Provider and the Placing Authorities. Pre-existing placements will be converted to the appropriate Level and Banding as per the Service Specification on a date to be agreed between the Parties, otherwise no later than six-months after the commencement of the Flexible Procurement Agreement (the Contract).  To support market stability, transferring placements shall not increase the Fees payable by the Placing Authority by more than 10% of the pre-existing fees nor reduce the fees payable to the Provider by more than 10% of the pre-existing fees for the remainder of the Placement Term.  This Flexible Procurement Agreement (the Contract) shall supersede all previous contracts between the Placing Authorities and the Provider in relation to these Services unless the Parties to those other contracts agree otherwise in writing. |
| **4.** | **Proposed Final Lotting Structure** |
|  | Table 1 shows the Proposed Final Lotting Structure.   |  |  | | --- | --- | | **Proposed Level** | **Age Bands** | | Level 1 – Standard | Age 0 - 4 | | Age 5 - 10 | | Age 11+ | | Level 2 - Standard with Additional Needs, including disability related issues, Social, Emotional and Mental Health issues (SEMH), Child Sexual Exploitation (CSE) issues | Age 0 - 4 | | Age 5 - 10 | | Age 11+ | | Level 3 - Intensive Support, including terminal/ life-limiting illness | Age 0 - 4 | | Age 5 - 10 | | Age 11+ | | Level 4 - Parent and Child Fostering | Not applicable | | Level 5 - Parent and Child Assessment | Not applicable | | Level 6 - Staying Put | Not applicable |   **Table 1**  Placements will be made under one of the six levels above, based on the needs of the Child/Young Person as assessed in their Plan and within the guidelines of needs proposed in the Service Specification.  The number of Providers appointed to each Level and Band will be unlimited. The Participating Authorities want to encourage as many Providers as possible to join the solution, to ensure wider choice when placing children/young people.  **Respite**  Annual respite is proposed to be included in the placement price as follows:  Level 1 – 21 days  Level 2 – 21 days  Level 3 – 21 days  Level 4 – 21 days  However, during the consultation process Providers will be required to identify how much respite they provide for each placement currently made under the NE7 framework (Appendix 3). Providers not on the current Framework are asked to provide details of the maximum annual respite offered per placement.  This will enable all participating LAs to further understand the need for respite within the current placements and to make an informed final decision re the number of respite days that should be available for each banding level. |
| **5.** | **Proposed Financial Model** |
|  | Table 2 shows the Proposed Financial Model.  **Table 2**   |  |  |  | | --- | --- | --- | | **Proposed Level** | **Band** | **Proposed rate** | | Level 1 – Standard | Age 0 - 4 | £696.00 | | Age 5 - 10 | £717.00 | | Age 11+ | £748.00 | | Level 2 - Standard with Additional Needs, including disability related issues, SEMH issues, CSE issues | Age 0 - 4 | £758.00 | | Age 5 - 10 | £778.00 | | Age 11+ | £840.00 | | Level 3 - Intensive Support, including terminal/ life-limiting illness | Age 0 - 4 | £922.00 | | Age 5 - 10 | £1,004.00 | | Age 11+ | £1,004.00 | | Level 4 - Parent and Child Fostering | N/A | £1,229.00 | | Level 5 - Parent and Child Assessment | N/A | £1,536.00 | | Level 6 - Staying Put | N/A | £348.00 |   The proposed rates reflect a 2.4% increase on current NE7 prices.  **Participating Authorities will only be able to agree to the Financial Model proposed in Table 2 if the level of return from IFAs is considered to be significant and representative of the market as a whole.**  **Solo Placements**  Where a Solo Placement is made with a Carer who is approved for more than one placement the cost of the placement will be based on the following formula in consideration that a ‘bed blocking’ situation may occur:   1. 1 x pricing level that reflects the assessed needs of the child / young person 2. Plus, the equivalent of the Foster Carers fee at band Level one for each Void Placement (up to the maximum of two) at the time the Solo Placement is to start.   For the avoidance of doubt:   * a Void Placement assumes that each Child /Young Person in placement has their own individual room. A shared room does not constitute two Void Placements. The need for a solo placement will be made and requested by the Purchasing Authority and passed on the assessed need of the Child/Young Person as detailed in their Care Plan.   In order to calculate the solo placement fee, Providers will have to identify how much of the fee is paid directly to the Foster Carer. To ensure that this is accurate, Providers will be asked to submit updated information at the start of each financial year, or as and when the rates paid to their Foster Carers are reviewed.  **Discounts**  Providers will be given the opportunity to offer discounts at the Point of Tender; for example, discounts for sibling groups or Children/Young People where a permanence plan is agreed. Any discounts will be managed at individual Purchasing Authority level. This will allow those Providers who wish to offer discounts the chance to do so, without disadvantaging those Providers who are unable to or consider it to be an administrative burden. |
| **6.** | **Changes to previous draft commissioning models** |
|  | Consultation has taken place with Providers on the initial proposed Lotting Structure and Financial Model over the last 12 months.  **Lotting Structure and Service Requirements**   * Providers have identified that the current NE7 structure is clear and understood by all parties, and the flexibility of moving between levels of need is positive. Based on this feedback, the proposed Lotting Structure and Specification has been based on the current NE7 model. * It was proposed during Provider Events held on 17 May 2018 and 14 June 2018 that a Step Up/Step Down level be included within the structure.   Feedback on the proposed Step Up/Down level suggested that:   * + Step Up was difficult to define and the expected additionality between Level 3 placements and ‘Step Up’ placements was unclear;   + Step Down placements would require very careful planning, and experienced carers to manage the transition;   + there was concern about a lack of capacity to provide both Step Up/Step Down placements, as Providers are already stretched, and the feedback was that packages should be bespoke, rather than labelled as Step Up/Down.   On this basis, the Participating Authorities determined that the proposed Step Up/Step Down level be removed from the proposed Lotting Structure.   * Respite on the NE7 Framework Agreement is currently 28 days per year for Level 1 and 2 placements and 35 days per year for Level 3. Under the new Contract, taking account of feedback from Providers, it is proposed that the number of days respite be reduced to 21 days across Levels 1 to 4. * There was discussion during consultation about transport as there were two different methodologies on the North and South solutions. However, as we are now consulting for the North only, there will be no change to the 15-mile radius within the current Contract, and mileage outside the 15-mile radius will continue to be paid at the Placing Authority’s local rates.   **Financial Modelling**   * An initial proposed financial model was presented to the market on 5 July 2018. Feedback from Providers at the event was that the proposed 1% increase on current NE7 prices was not enough, given rates on the NE7 solution have been static for over 8 years. * At the suggestion of Providers, the Participating Authorities carried out a financial modelling exercise to benchmark against another solution which was similar to the model proposed. The consensus from the Participating Authorities was that the financial model would be unsustainable, as the costs were significantly higher in comparison to NE7 rates. |
| **7.** | **Timescale for Procurement** |
|  | Please see below **indicative** procurement timescale. All dates are indicative and subject to change.   |  |  |  | | --- | --- | --- | | 1. | Proposed Commissioning Model published for 4-week consultation | 11 February 2019 | | 3. | Consultation period proposed Commissioning Model closes | 11 March 2019 | | 4. | Review of consultation feedback | 12 March to 14 March 2019 | | 5. | Revised Commissioning Model published for further 4-week consultation | 15 March 2019 | | 6. | Consultation period proposed Commissioning Model closes | 12 April 2019 | | 7. | Review of consultation feedback | 15 April to 18 April 2019 | | 8. | Revised Commissioning Model published for further 4-week consultation (plus additional week for Easter | 19 April 2019 | | 9. | Consultation period proposed Commissioning Model closes | 24 May 2019 | | 10. | Review of consultation feedback | 27 May to 5 June 2019 | | 11. | Lead Authority to prepare Final Commissioning Model for sign off | 5 June to 7 June 2019 | | 12. | Local Authorities consult internally on Final Commissioning Model | 10 June to 14 June 2019 | | 13. | Participating Authorities sign off Final Commissioning Model and obtain approval to begin the procurement process | June 2019 | | 14. | Tender process commences | July 2019 | | 15. | Evaluation of tender responses | August 2019 | | 16. | Intention to Award notices sent to successful Providers | August 2019 | | 17. | Award notices sent to successful Providers | September 2019 | | 18. | Pre-start activity | September 2019 | | 19. | Contract commences | 1 October 2019 | |
| **8.** | **Social Value** |
|  | The North East region has made a commitment to consider Social Value within the commissioning and procurement process. Newcastle City Council has developed an approach to identify Social Value within the commissioning phase therefore the NE7 Collaborative are utilising the Lead Authority’s approach to Social Value. Newcastle City Council’s Social Value Commitment sets out five principles of Social Value, which must form the basis of our Social Value focused activities throughout our commissioning and procurement cycle. These are:   * **Think, Act, Support North East** – thinking about local benefit first * **Community Focused** – thinking about the value that could accrue to whole communities (as distinct from customer or service user groups) * **Ethical Leadership** – thinking about how we make sure our suppliers and their supply chains operate in line with Local Authority principles * **Green and Sustainable** – thinking broadly about the environmental and sustainability aspects of our commissioning * **Enabling Change** – making sure stakeholders have knowledge, information and skills to be able to make Social Value real   Social Value can be built in throughout a commissioning process. Indeed, the best opportunities to drive Social Value appear right at the beginning of the process, before any decisions are made. We can potentially build in Social Value by incorporating it into:   * the overall commissioning model design * the contract requirements; * the specification(s); * the evaluation questions, * contract monitoring arrangements, and * how we apply monitoring findings to inform new commissions.   In order to implement its Commitment, the NE7 Collaborative has been considering all feedback received during the commissioning phase to determine the best way to incorporate Social Value into the design of the NE7 solution from October 2019 onwards.  The key themes identified to date have included:  **Think, Act, Support North East**   * The development of Lotting Structure provides opportunities for our local North East carers market * Develop markets to increase the local offer and choice to the Participating Authorities, filling current gaps in provision.   **Community Focused**   * Core Service Requirements (Service Specification) has been developed to include requirements for Providers to: * provide allowances to enable after school activities and promote ‘joining in’ * maintain links with local communities, including schools, family and friends * Parent/Carer and Child/Young Person User Survey feedback will be used to inform evaluation criteria.   **Ethical Leadership**   * A programme of training and support will be developed for Carers to ensure appropriate learning and development opportunities for all, and to upskill to deal with more complex children.   **Green and Sustainable**   * Link Officer system for contract monitoring will reduce travel associated with monitoring activity, as Providers will receive a single visit, representing all seven Local Authorities. Desktop reviews will be considered for Providers with no current placements. * Call-Off Alerts will take into consideration travel time and distance for Children/Young People to school and home.   **Enabling Change**   * Addition of Social Value requirement within the Award Criteria for the Flexible Procurement Agreement (the Contract). * Tender Ready sessions will incorporate a specific Social Value element to help Providers how they can respond to our Social Value requirements within the tender. * As part of Contract management, specific Social Value workshops will be undertaken with Providers to share best practice and enable Providers to develop their own Social Value commitment. |