

**REPORT TO:** Executive Board

**DATE:** 19 March 2020

**REPORTING OFFICER:** Strategic Director, People

**PORTFOLIO:** Children, Education and Social Care

**SUBJECT:** Liverpool City Region Partner Provider Arrangement (LCR PPA)

**WARDS:** Borough wide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to seek Member approval to proceed with a procurement process in compliance with Standing Order 1.3.4 Preliminary Estimate Report – Contracts exceeding £1,000,000 in value with regards to a Liverpool City Region Partner Provider Arrangement (LCR PPA) for use across the Liverpool City Region Local Authorities.

## **2.0 RECOMMENDATION: That**

- 1) the contents of the report be noted; and**
- 2) Members approve that a procurement process be entered into via The Chest with Halton Borough Council acting as the lead contracting LA for the LCR PPA on behalf of the other LCR Local Authorities.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 Launched in April 2019, the LCR Market Reform Programme aims to achieve strategic change throughout the children's social care placements sector across the Liverpool City Region. All 6 LCR LAs are engaged with this programme.
- 3.2 The aim is to re-establish a level of control to the independent residential and foster care markets which have become increasingly dysfunctional due to decreasing competition and choice linked to growth by acquisition models of the largest Provider groups.
- 3.3 Integral to the LCR Market Reform Programme is changing the way LAs interface with the local market, particularly the third sector and SMEs. The solution proposed, which secured agreement to launch from all 6 LCR Director of Children's Services is to procure a sub-regional arrangement for children's residential and foster care placements. This will be called the Liverpool City Region Partner Provider Arrangement (LCR PPA)

- 3.4 Halton and all other LCR LAs currently use the North-West Flexible Purchasing System (NW FPS) to make children's residential and foster care placements. When comparing the current NW FPS' to their previous iterations, it is clear that independent residential and foster care fee increases alone has risked **adding nearly £20m** combined to placement costs across LCR. This is before demand increases are also factored into calculations.
- 3.5 The proposal behind this is for the LCR LAs to create their own sub-regional commissioning arrangement. This would not result in the LCR LAs leaving the existing North-West arrangements, however, the aim would be for the LCR arrangement to become the primary route to market for fostering and residential care placements with the NW FPS' becoming the contingency secondary arrangement.
- 3.6 Procurement will be in compliance with Standing Order 2.3 – Contracts for Social and Other Specific Services which qualify for the Light Touch Regime. The procurement procedure will be a Flexible Purchasing Procedure (FPS), which ensures fair, transparent and non-discriminatory competition to potential providers who **pass** and **meet** the selection criteria as published.
- 3.7 The combined forecast expenditure from all 6 LCR Local Authorities through the LCR PPA is estimated at £230,000,000 across the initial 5 year period. All of this will be revenue cost linked to existing budgets for the commissioning of children's social care placements. As indicated in 3.5 above, this is not new expenditure, it is just that commissioning activity will switch gradually over time through the LCR PPA rather than the NW FPS.
- 3.8 From a Halton perspective, children's social care expenditure is linked to two cost centres; Children's Residential Care Placements – 5025 8010 HBC1 and Children's Independent Foster Care Placements – 5100 8010 HBC1. There is no additional budgetary impact proposed against these cost centres as a result of introducing the LCR PPA.
- 3.9 The forecast outturn for the 2 cost centres in 3.8 for 2019/20 is £9,613,891, but please note that this figure includes some care placements that will not fall within the remit of the LCR PPA. Also no placements made on other contract arrangements, such as the NW FPS', will automatically migrate across to the LCR PPA, therefore the proportionate level of expenditure made by Halton through the LCR PPA will be much lower than the figure quoted above.
- 3.10 The LCR PPA provides flexibility as detailed below:
- Initial Duration: September 2020 to August 2025

The FPS period can be amended (extended, shortened, terminated) subject to the notification on the relevant OJEU standard form. There is no specific minimum or maximum duration of a FPS.

- No minimum number of Providers admitted onto a FPS
- All Providers who meet the published selection criteria shall be admitted.
- Providers who fail the published criteria can reapply if circumstances have changed or exclusionary periods have ended or they have self-cleaned.
- Providers are not locked out for the duration of the FPS period.
- Providers may join the FPS at any reopening point within the duration period.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 The method of procurement fits with the Council's Procurement Policy, the tender process being carried out in conjunction with guidance from the Procurement Team, using 'The Chest' procurement portal.

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 This arrangement will include a cost control mechanism to ensure that there is no negative disparity against the North-West FPS'. As such there will be no additional financial impact caused by the LCR PPA.
- 5.2 Sections 3.7 – 3.9 include further financial information pertaining to this

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### **6.1 Children and Young People in Halton**

- 6.1.1 The LCR PPA will transform the way that LAs engage with the local market, the focus being on improving access to sustainable high quality provision in our region thus reducing the proportion of children and young people placed out of area.

##### **6.2 Employment, Learning and Skills in Halton**

None

##### **6.3 A Healthy Halton**

None

##### **6.4 A Safer Halton**

None

## 6.5 Halton's Urban Renewal

None

## 7.0 RISK ANALYSIS

Risk	Description	Probability	Severity	Mitigation
Inaction	<p>Limited or indeed no responses from Providers.</p> <p>Confident that LAs will revert to the NW FPS, there is a risk that Providers refuse to engage with the LCR Partner Provider Arrangement.</p>	High	Low	<p>The reality is that Providers are unlikely to volunteer more stringent terms and cost controls through an LCR arrangement when they know that the very same LAs are contracted to use them through the North-West FPS. We cannot change that, but of itself, that isn't a reason not to do this.</p> <p>A partnership will require incentives to encourage Providers to participate and the LCR LAs will need to balance reasonable tightening of controls against changes that become to prohibitive.</p> <p>As an FPS, the door remains open for providers to engage as time progresses.</p>
Resource	<p>This will need one of the LCR LAs to act as lead procurer and contract holder. In addition, there will be resource pressures both developing this arrangement and also in managing the FPS re-opening windows</p>	Medium	Low	<p>Across LCR we have the capability within both our Procurement and Commissioning teams to do this.</p> <p>With a highly regulated sector and a market of Providers, most of which, will be on the NW FPS already, the aim will be to keep the assessment process straightforward. This</p>

				reduces the tender evaluation period and also the ongoing workload of managing the FPS re-opening windows.
Impact within the North-west	This may be interpreted as a breakaway from the North-West models led through Placements North-West.	Low	Low	<p>There are several precedents to this. Lancashire, for example, have regularly tendered their own frameworks whilst also still remaining part of the NW processes. Indeed, before the NW Residential FPS was established, there were sub-regional arrangements, including one specifically for the LCR LAs.</p> <p>This is not replacing the NW FPS arrangement and all LCR LAs would remain parties to it. Placement North-West maintain an important role across the region and could help facilitate and share learning from LCR that might be of benefit to other NW LAs.</p>

## 8.0 EQUALITY AND DIVERSITY ISSUES

None

## 9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.