

# Press release: Fostering services merger faces in-depth investigation

Both the National Fostering Agency Group (NFA) and Acorn Care and Education Group (Acorn) provide independent fostering placement services to local authorities across Scotland, England and Wales, helping them match vulnerable children with foster carers.

The market for independent fostering placement services is worth in excess of £750 million per annum and the companies are 2 of the largest national providers to local authorities.

The number of children requiring foster care is growing while shortages of carers available to local authorities and independent fostering suppliers continue, leaving a growing deficit.

Groups of local authorities often tender for such services through framework agreements, which establish a list of independent providers with foster carers available in the local area, to ensure availability when their own in-house network of carers are unable to meet demand.

The Competition and Markets Authority's (CMA) investigation reviewed all local authority framework areas in which the companies overlap in the UK, and found concerns in 3 framework agreement areas: Wales, Norfolk and the framework agreement area covering Luton, central Bedfordshire and Bedford.

In each of these framework areas, the merged company's position is strong and we found that local authorities may face challenges in ensuring value for money in framework tenders.

The merger will, therefore, be referred for an in-depth phase 2 investigation by an independent group of CMA panel members – unless NFA is able to offer undertakings which sufficiently address the concerns in these areas of the country.

Sheldon Mills, Senior Director of Mergers at the CMA, said:

Many local authorities have raised concerns with us that this merger could significantly weaken their ability to ensure quality of care in their local areas, at the best possible price, when placing vulnerable children.

We closely investigated these concerns and found that in some areas local authorities may find it more difficult to obtain value for money as a result of the merger.

We think the concerns warrant an in-depth investigation unless the company can offer undertakings which address our concerns.

## Notes for editors

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law.
2. Regarding the size of the market for independent fostering placement services: (i) expenditure data published pursuant to the Apprenticeships, Skills, Children and Learning Act 2009 indicates that local authorities in England spent around £700 million on independent fostering placement services in the 2014/15 financial year; (ii) a report published by the Association of Directors of Social Services Cymru states that expenditure by Welsh local authorities was around £52 million in the 2014/15 financial year; and (iii) the National Framework Agreement for Fostering and Continuing Care Services across Scotland (tendered in September 2016) was estimated to have an approximate value of £100 million over 4 years, or approximately £25 million per year.
3. SSCP Spring Topco Limited, acting through SSCP Spring Bidco Limited (the holding company of NFA) acquired the entire issued share capital of Acorn on 3 August 2016. The case was first identified by the CMA's Mergers Intelligence Unit. The merging parties subsequently filed a draft merger notice with the CMA on 26 September 2016.
4. Under the Enterprise Act 2002 (the Act) the CMA has a duty to make a merger reference, resulting in an in-depth phase 2 merger investigation, if the CMA believes that it is or may be the case that a 'relevant merger situation' has been created, or arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and that the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.
5. Under the Act a 'relevant merger situation' is created if 2 or more enterprises have ceased to be distinct enterprises; and the value of the turnover in the United Kingdom of the enterprise being taken over exceeds £70 million ('the turnover test') or as a result of the transaction, in relation to the supply of goods or services of any description, a 25% share of supply in the UK (or a substantial part of the UK) is created or enhanced ('the share of supply test').
6. The CMA considers that it is under a duty to make a phase 2 merger reference in this case under the Act. However, the duty to refer is not exercised while the CMA is considering whether to accept undertakings in lieu of a reference. SSCP Spring Topco Limited, the ultimate UK holding company of the NFA group, has until 6 February 2017 to offer undertakings that might be accepted by the CMA. If no undertaking is offered or accepted, then the CMA will refer the merger for a phase 2 merger investigation.
7. All the CMA's functions in phase 2 merger investigations are performed by inquiry groups chosen from the CMA's panel members. The appointed inquiry group are the decision makers on merger investigations. The CMA's panel members come from a variety of backgrounds, including economics, law, accountancy and/or business; the membership of an

inquiry group usually reflects a mix of expertise and experience (including industry experience).

8. The text of this decision will be placed on the [case page](#) in due course.
9. For more information on the CMA see our [homepage](#) or follow us on Twitter [@CMAgovuk](#), [Facebook](#), [Flickr](#) and [LinkedIn](#). Sign up to our [email alerts](#) to receive updates on merger cases.
10. Media enquiries should be directed to [press@cma.gsi.gov.uk](mailto:press@cma.gsi.gov.uk) or by calling 020 7738 6798.

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## **[News story: Plans for fixed cap on legal costs for medical negligence cases](#)**

The government intends to impose a new, fixed cap on all clinical negligence cases up to £25,000 to prevent rising litigation costs within the NHS. There are numerous examples of lawyers who profit from the NHS by charging more than 80 times the amount awarded to the victims in minor claims.

In one case, lawyers claimed £83,000 in legal costs for a case in which the patient was awarded £1,000. These costs contributed to a total bill for the NHS of £1.5 billion in financial year 2015 to 2016.

Currently, there is no limit on legal costs that can be recouped and the money claimed by lawyers takes vital funds away from NHS trusts. It is expected the new cap will help the NHS save up to £45 million a year.

Health Secretary Jeremy Hunt said:

It's important that when significant mistakes happen in the NHS, patients are able to have an open dialogue with a trust about what went wrong, receive reassurance of what is being learnt, and can discuss what form of recompense or redress may be appropriate. Legal action should only be one part of this process.

Unfortunately, what we often see in lower cost claims is a deeply unfair system where unscrupulous law firms cream off excessive legal costs that dwarf the actual damages recovered. We believe this creates an adversarial culture of litigation, which is inflating insurance premiums and drawing away resource from the NHS at a crucial time.

Andrew Foster, Chief Executive at Wrightington, Wigan and Leigh NHS Foundation Trust, said:

The introduction of a fixed recoverable cost for lower value claims would support more proportionate payment to claimant lawyers – which alongside improvements to the system should make things quicker and better for patients. This seems fair and appropriate recognising this all comes out of the NHS pot. Less money spent on legal costs will mean more to put into improved patient care at a local level.

See [consultation on plans for fixed recoverable costs for clinical negligence claims](#).

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## [John McDonnell responds to a report from The UK in a Changing Europe, 'A successful Brexit – four economic tests'](#)

**John**

**McDonnell MP, Labour's Shadow Chancellor**, commenting on a report from The UK in a Changing Europe, 'A successful Brexit – four economic tests', said:

"This is an important and detailed piece of work which should be looked at seriously by everyone involved in the Brexit negotiations.

"It is vital for the good of the country that we can hold the Government to account using a series of tests like this, but to do so we will need much greater openness and transparency than the Government has shown so far.

"That's why Labour's amendments to the Bill in Parliament this week will seek to require regular progress reports from the Government and full Parliamentary scrutiny."

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# Press release: Interim Manager appointed to Sikh charity

From:

First published:

30 January 2017

Part of:

Interim Manager appointed to The Central Gurdwara (British Isles) London Khalsa Jatha (258324).

The Charity Commission has appointed an Interim Manager to [The Central Gurdwara \(British Isles\) London Khalsa Jatha](#). The appointment comes as part of the regulator's inquiry into the charity, which began in July 2015.

The inquiry is examining a range of concerns, including the trustees' failure to comply with a previous action plan set by the Commission, and concerns about potential unauthorised trustee benefit and unmanaged conflicts of interest. A statement about the investigation is available on [GOV.UK](#).

The Commission has now appointed Tom Murdoch of Stone King as Interim Manager of the charity. His task is limited to determining the membership of the charity. The charity's trustees remain responsible for the day-to-day management of the charity, including its financial management.

The Interim Manager was appointed on 26 January 2016.

The Commission's investigation continues. It is the Commission's policy, after it has concluded an inquiry, to publish a report detailing what issues the inquiry looked at, what actions were undertaken as part of the inquiry and what the outcomes were. [Reports of previous inquiries](#) are available on GOV.UK.

The charity's registered number is 258324.

Ends

PR 06/17

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## Notes to editors

1. The Charity Commission is the independent regulator of charities in England and Wales. To find out more about our work, see our [annual report](#).
2. Search for charities on our [online register](#).

3. Section 46 of the Charities Act 2011 gives the Commission the power to institute inquiries. The opening of an inquiry gives the Commission access to a range of investigative, protective and remedial legal powers.
  4. The Commission's decision to announce the opening of a statutory inquiry is based on whether it is in the public interest to do so and with consideration of our objective to increase public trust and confidence in charities.
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## [Ken Skates will visit China to cement Welsh links](#)

Ken Skates announced his impending visit to China at the North Wales Export Forum – one of two events being held to reinforce the Welsh Government's focus on exports and exporters as the UK prepares for life outside of the EU.

The Economy Secretary said:

“I am pleased to have attended both the South Wales and North Wales Export Forum and to have spoken directly to some of our most influential exporters as we prepare for life outside the EU.

“Increasing the value of exports and the number of exporters in Wales have been central pillars of our economic strategy for some time and at this time of change it is more important than ever that we focus on strengthening our trade relations with countries across the world.

“We already have a comprehensive range of support to help companies export and have been proactive in some of the world's largest markets for some time.

“And I am pleased to confirm that next month I will be joining 18 Welsh companies as part of their next trade mission to China with a view to expanding our trade relations and building on what is already a strong and thriving relationship.

“As part of my trip I will be visiting Chongqing and Shanghai and am optimistic that both my visit and the trade mission will enable Welsh companies to win new export business in China.

“This is borne out by experience as my visit and the trade mission to Japan last October has already resulted in £1.4m of orders and potential contracts for the businesses that travelled

there.

“I think we all recognise there are challenging times ahead for businesses. I am determined to make sure that we do what we can to help businesses maintain and, indeed, grow their export business as the UK transitions out of the EU.”

One of the companies attending the February trade mission to China and Hong Kong is Wrexham based, specialist manufacturer Conren. Their company export manager, Veronica Dawson said:

“Exporting is key to our business and we currently export to over 30 markets around the world. It has greatly benefitted our business, providing an essential source of revenue, and it has also encouraged us to be more innovative as we develop our products to meet challenges in the global marketplace.

“The Welsh Government has been key to our export success, providing support and advice as we look to new markets. The Export Forum provided a great opportunity for us to meet other exporters from across Wales and hear how other companies are preparing for the future, and we are very much looking forward to next month’s trade mission.”