

**BUSINESS CASE: Young People’s Supported Accommodation Pathway**

**Key Decision No. CACH Q51**

**CPC MEETING DATE**  
**(2019/20)**

**11 March 2020**

**CLASSIFICATION:**

OPEN with EXEMPT APPENDICES 2, 4, 5 & 6

By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendices 2, 4, 5 & 6 are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**WARD(S) AFFECTED**

All Wards

**CABINET MEMBER**

**Cllr Anntoinette Bramble**  
**Deputy Mayor and Cabinet Member for Education, Young People and Children's Social Care**

**KEY DECISION**

Yes

**REASON**

**Affects two or more wards and spending & saving**

**GROUP DIRECTOR**

**Anne Canning, Group Director Children, Adults and Community Health**

**1. CABINET MEMBER'S INTRODUCTION**

- 1.1. This report proposes the procurement of several contracts to form a pathway of supported accommodation for Hackney looked after children, care leavers and homeless young people. This is a joint procurement with Housing and Adults Social Care led by the Children and Families Service that will support a seamless transition throughout a young person's journey to independent living.
- 1.2. Providing 16-21 year old care leavers with suitable accommodation that is tailored to their needs is essential in supporting them with their transition to adulthood. Whilst some care leavers return home or "stay put" with their foster carer, many move to more independent accommodation that comes with varying levels of key-worker support (semi-independent accommodation). This proposal will ensure that for those care leavers who need it, there is access to a range of semi-independent accommodation options that are of a high standard and deliver the best value for money.
- 1.3. This report will support the delivery of a consistent high quality support and accommodation service, introduce the use of evidenced based psychologically informed environments or similar approaches to provide young person centred, wrap around support that will make a significant impact in how young people experience supported accommodation.

**2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1. The Council has a legal obligation under the Children Act 1989 to provide suitable accommodation for looked after children and to provide support to care leavers under the Children (Leaving Care) Act 2000; this support includes the provision of suitable supported independent accommodation.
- 2.2. The proposed procurement arrangement will support Hackney to meet its sufficiency duty in line with increases in the numbers of looked after children and care leavers and facilitate the implementation of a robust quality assurance framework to monitor the performance of providers who are operating in an unregulated market. It is also anticipated that a block contract

will secure support and accommodation at rates that are more competitive than the existing spot purchasing arrangements. The Young People's Supported Accommodation Pathway will ensure the delivery of high quality placements and support for the most vulnerable young people in Hackney. The services will be innovative, efficient and fit for the future, preparing young people for independent living, increasing their quality of life and supporting young people to maintain their engagement in their local communities.

- 2.3. The procurement seeks to commission accommodation based support for the young people's supported accommodation pathway. The successful providers will be providing the accommodation needed for the pathway for each lot.
- 2.4. These procurements will focus on meeting our statutory obligation as Corporate Parents and will focus on supported accommodation for young people aged 16-21. Accommodation and support for single homeless young people 21+ will continue to be provided for by Adults Social Care through the Single Homeless Pathway.

### **3. RECOMMENDATION(S)**

- 3.1. Cabinet Procurement Committee is recommended to:
- 3.2. Agree to the competitive procurement, with five lots, for a young people's supported accommodation pathway. The term of contract will be 5 years with an option to extend for a further 2 years (5 +1 +1 years). The estimated annual contract value is £1.4m-£2m for 96-140 places for young people.
- 3.3. Agree to the later procurement of a separate Lot 6 for ad hoc services, with an estimated annual contract value of approximately £300,000.

### **4. RELATED DECISIONS**

- 4.1. **Key Decision No. CACH P9** Re-Tendering of Housing Related Support Contracts, Business case. September 2018
- 4.2. **Key Decision No. CACH P72** Hackney Housing Related Floating Support Service, Contract Award Report. March 2019
- 4.3. **Key Decision No. CACH Q29** Mental Health - Accommodation Based Housing Related Support, Contract Approval. December 2019

### **5. OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)**

- 5.1. The two contracts for the provision of Children and Young People's Accommodation Based Services are coming to an end in December 2020. This gives us an opportunity to redesign the current accommodation pathway

and undertake a competitive procurement process. The redesign will also allow us to align our spot purchase arrangements which currently fall outside of these two contracts. This is also an opportunity to increase the size of the contract to support the Council in meetings its sufficiency strategy and in managing the overspend in this area.

- 5.1.1. These two contracts have been in place since 2013 with little change to the specification. This service is no longer meeting the complex needs of our young people that require supported accommodation. Following the reduction of the size of the service in 2017 (147 places to 64), the number of placements available within the contract is not sufficient to meet the increase in demand of these services. This has placed increased pressure on Children and Families Service (CFS) to find alternative accommodation with private providers, who are usually out of borough, for a large proportion of looked after children and care leavers who would have previously accessed this provision. The spot purchase arrangements for accommodation cost the Council significantly more money than the contracted arrangements.
- 5.1.2. The commissioning responsibility of these young people's services has transferred from Adults Services to CFS who are now leading on the redesign and the commissioning and procurement of the pathway for young people up to the age of 21. The responsibility for homeless young people aged 21 to 25 is still held within the Adult Social Care Single Homeless Pathway.
- 5.1.3. A CFS working group was set up to review our current services and assess our needs and demand for supported accommodation for looked after young people and care leavers. The group considered, the affordability of the accommodation, upkeep of the building and external spaces, the state of repair of furnishings and facilities, the hourly rate for key-workers, the outcomes being achieved by young people, the attitude and capabilities of staff and their ability to flexibly respond to young people's needs. The review revealed considerable inconsistencies with quality and cost in the current services. The group made recommendations for outcomes and minimum standards which have been fed into the specification for this procurement.
- 5.1.4. The working group also informed the development of a new pathway structure that was based on the needs of young people using the service and those of the internal stakeholders referring young people needing those services. Young people from Hackney's Children in Care Council (Hackney of Tomorrow) also participated in the working group and contributed to the development of the pathway model.
- 5.1.5. Hackney of Tomorrow completed an independent consultation directly with young people living in supported independent accommodation and their findings and recommendations have formed a key part of the specification for this service.
- 5.1.6. **See Appendix 1 for Young people's consultation.**

## **BACKGROUND**

- 5.1.7. The young people referred to in this report are mainly looked after children aged 16 and 17 and care leavers over 18 but may also include young people aged 16 and 17 who have experienced homelessness but do not become looked after.
- 5.1.8. Most young people will not have developed sufficient life skills to enable them to move directly into independent living from foster care, residential care or their family home. In order to help them make the transition to independent living, LBH is required under *The Children Act 1989* and *The Children (Leaving Care) Care Act 2000* to make available a range of accommodation options that are appropriate for their needs. From the age of 16, a placement in semi-independent accommodation can be made following consideration for the young person's wishes and feelings and an assessment which concludes that the young person's needs would be best met in this type of placement.
- 5.1.9. CFS is dedicated to supporting young people to remain in foster care for as long as possible and as long as this is in the best interest of the young people. On 31 March 2019, 25 young people were living in 'staying put' arrangements, a 56% increase compared to 9 young people at the end of March 2014. Recent analysis has highlighted the level of financial support to continuing foster carers as having a key impact on performance in this area.
- 5.1.10. As outlined in the *CFS Sufficiency Strategy 2019*, Service Managers have reviewed the current Staying Put policy and proposed an increase to the staying put allowance following feedback from carers and former carers to understand what offer would better support performance. The Service implemented new arrangements from September 2019 and expects this will increase the number of young people 'staying put' with their former foster carers.
- 5.1.11. Semi-independent accommodation ranges from shared housing with 24/7 key-worker support through to self-contained shared flats with visiting key-worker support. The aim of semi-independent accommodation is to offer young people the opportunity to take on more responsibility for their own care and to prepare them for their transition to adulthood and more independent accommodation. Some of the key skills young people should develop whilst living semi-independently include managing personal finances, cooking healthy meals, keeping safe and healthy, developing positive relationships, paying utility bills, claiming appropriate benefits, cleaning and engaging in education, training and/or employment. Some young people will also require high levels of support in relation to their emotional and behavioural needs.
- 5.1.12. Currently semi-independent accommodation comes from a combination of block contracts and spot purchasing. The block contracts are with registered social housing landlords who provide 64 in-borough semi-independent places for young people aged 16-24; these places are accessed by both Housing and CFS.

- 5.1.13. Additional placements for Looked After Children & Care Leavers are spot purchased from private sector providers for a variety of reasons; when it is not safe for a young person to be placed in-borough, when there are no available units within the block contract or when a young person's needs are too complex/specialist to be managed by the block contract. Placements are also spot purchased when it is not appropriate for 16/17 year olds to live alongside older young people or in mixed gender accommodation. In all cases, the decision of where a young person should live always considers the best interests of young people, taking into account their views, how much support they need, their level of vulnerability, their risk to others and their connection to the local area as some young people leaving care have spent a significant amount of time in care placements outside of the borough.
- 5.1.14. Due to the varying needs of young people, there is currently an over-dependence on spot purchasing which makes it difficult to manage the market to ensure the security of supply at the right time, right price and the right quality. Ensuring consistency in quality and service delivery amongst all semi-independent providers is particularly challenging because, unlike other placements such as foster care and residential children's homes, semi-independent accommodation is not regulated under the Care Standards Act 2000 and as a result is not inspected by Ofsted.

### **Increase in demand for supported accommodation**

- 5.1.15. There is an increasing demand for semi-independent accommodation as Hackney's looked after children get older and begin leaving care. As of 31 March 2019 there were 149 16/17 year olds looked after. This represents a 25% increase from 2018 (119 children) and a 57% increase (95 children) since 2015. Additionally, the number of children aged 16/17 coming into care is increasing year on year. In 2017/18 33% (72 children out of 217) of children coming into care were aged 16/17 and this increased to 42% (88 children out of 211) in 2018/19; with most preferring to be placed in semi-independent accommodation instead of foster care.
- 5.1.16. Placements for looked after children and care leavers remains a high spend area therefore CFS continues to look for ways to improve the efficiency and effectiveness of placements to ensure they are achieving the best outcomes for children and young people. The proposed contracts will ensure the winning providers of semi-independent accommodation deliver their services according to a high standard thus achieving value for money.

### **The Pathway Model**

- 5.1.17. Current services are not operating as a pathway and are designed as complex and medium accommodation based support services. This needs to be remodelled based on the increase of demand and complexity of the needs of young people coming into care in Hackney.
- 5.1.18. A Pathway approach is an established model of providing accommodation based housing related support services. The model provides more flexibility

to service provision, freeing up the higher levels of support for those that need it and can reduce the use of emergency accommodation and provide more opportunities to reduce the need for more intensive forms of institutional care or support.

5.1.19. In addition, we want to move away from commissioning services that are based on complex, or high, medium and low models. Through our consultations with young people and internal stakeholders we recognise that young people's needs are constantly changing, and support needs to be delivered in a flexible and timely way. Some young people may need lots of support one week, and none the following week. We also believe this will support in preventing young people "falling out" of the pathway. For example, when a young person is experiencing a crisis and their supported accommodation can no longer meet their needs and they have to move. This can cause further trauma to the young person. We also recognise the issues that have arisen by labelling services as low, medium, high models, as different agencies and practitioners may have different definitions and end up excluding young people who are too complex, or not complex enough to use their services.

5.1.20. Providers will be expected to be flexible in their delivery of support and respond appropriately to the individual needs of young people, when it is needed.

### **Aims of the Pathway**

5.1.21. The aim of the young people's supported accommodation pathway is to enable young people to learn the necessary skills and emotional resilience in a supported environment that will allow them to live independently in the community. Some young people entering the pathway would not be known to CFS previously and would require an assessment of their housing, support and emotional needs. Not all young people will go through each stage. At the time of referral, the most appropriate service will be identified. The pathway approach is reliant on joint working and joint decision making based on a partnership approach between the local authority and the providers, and amongst the providers themselves. A young person's journey throughout the pathway will be needs led, with each stage of the pathway informing the next on a young person's progress and development.

5.1.22. Through all stages of the pathway providers will be expected to:

- Work in partnership with services to return young people home if it is safe to do so (e.g. Rapid support, FLIP, mediation services).
- Work with young people to understand their vulnerabilities and needs and coproduce goals from the beginning of the placement.
- Work within a Psychologically Informed Environments (PIE) and or trauma informed practice or similar approach, with this entrenched in the day to day

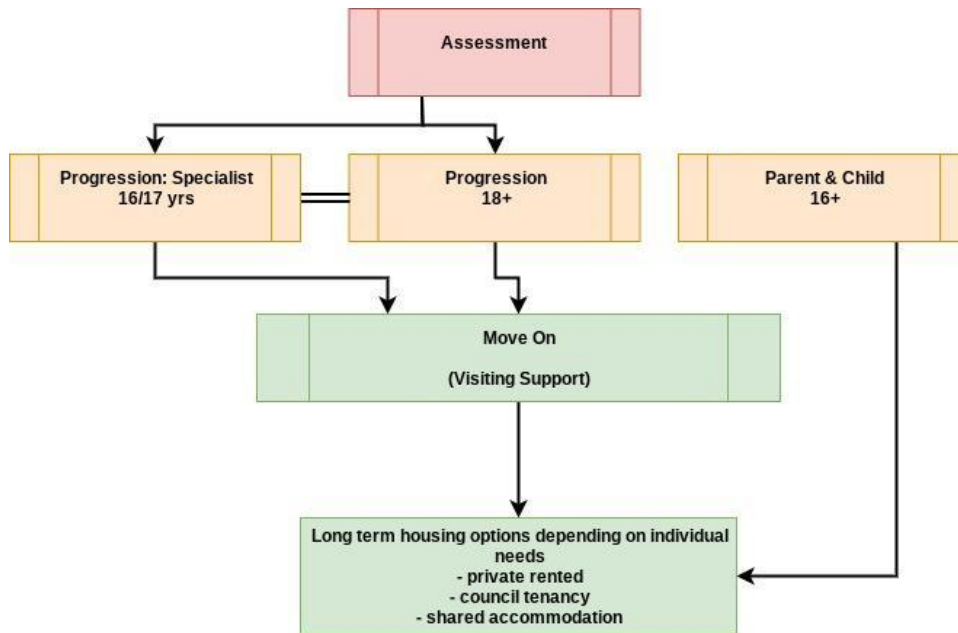
running of the provision. This will support providers working with young people to understand their behaviour in the context of the trauma they have experienced.

- Create individual move on plans for young people and support young people to move into whatever independent living option is right for them. Providers will be expected to work in partnership with Housing and CFS and other relevant organisations to support young people to have realistic expectations of their housing options and support them to plan for their future accommodation.
- Have mandatory training for their staff to support their development and ensure they are skilled to be supporting our young people. This would also support staff retention and providers will be monitoring against staff turnover to address the need for consistent qualified and good quality key workers.
- Facilitate the provision of a flexible rent policy to support young people who are working.

5.1.23. **Flexible & Person Centred Support:** This pathway requires the successful providers to offer a flexible model of support with the ability to step up and step down levels of support based on young people's needs. The service providers will, in consultation with commissioners, manage the workload and capacity of the pathway. There should be recognition that the new model will encourage an increase in support hours to those who need it most and when they need it. For example a young person in crisis should be able to receive more support and then hours will reduce to an agreed minimum once the crisis is over to transfer to those that need longer term support. The allocation of hours will be the responsibility of the provider with commissioners agreeing a minimum number of hours per level of service.

#### 5.1.24. **The Pathway Model Diagram**





#### 5.1.25. Lot 1: Assessment

- This is the first point of contact for young people in need of supported accommodation and the plan is to commission this as one service (lot). During the assessment, the provider will assess a young person's accommodation, support and emotional needs. They will also prepare a young person for their next stage in the pathway if appropriate.
- This will provide intensive 24h support and accommodation for young people.
- Length of stay: Maximum 3-6 months for assessment intervention or shorter interventions if appropriate move on is identified sooner.
- This will provide access to emergency same day accommodation for young people who present as homeless and are aged 16-17 or are 18-21 care leavers.
- This service will provide accommodation for 8-12 young people at any one time.
- This service will be awarded to one provider.

#### 5.1.26. Lots 2 and 3: Progression:

- This stage will be split into two services (lots), for young people aged 16/17 and for 18+.

- This stage will provide young people with a safe and secure environment to develop their independent living skills such as maintaining benefits, cooking, self-care, developing positive relationships and engage in or continue in education, training or employment.
- This will build on the areas of support identified in the assessment stage and will also be 24h staffed services.
- This service will provide accommodation for 20-28 young people aged 16-17, and 40-50 young people 18+ at any one time.
- This service will be awarded to one provider for Lot 2 and a maximum of 2 providers for Lot 3.

#### **5.1.27. Lot 4: Young Parents Service**

- This service (lot) will be for young parents aged 16 -21 where the child may be on a CIN plan, a CP plan or in court proceedings and the parent requires a high level of support whilst the social work unit carries out the assessment.
- This service will also be for young parents who have never lived alone with their child and would need support to demonstrate that they could live independently before moving onto their own accommodation.
- There should be an on-site office and 24h staff cover in the service.
- Interventions in this service will be timed and specific.
- This service will be ring fenced for CFS.
- This service will provide accommodation for 8-10 young parents at any one time.
- This service will be awarded to one provider.

#### **5.1.28. Lot 5: Move on - A Visiting support Service including affordable accommodation for young people who are working**

- This stage will provide a visiting support and accommodation service, and affordable accommodation and support specifically for young people who are working.

- This stage will provide young people with the opportunity to live more independently and will learn to understand all the responsibilities of holding a tenancy, while still working with their key worker on their support plan.
- In general, young people will have lower support needs but would still be vulnerable due to their care experience, and would have evidenced that they have developed most of the independent living skills in the previous stages of the pathway.
- Support will be provided by key workers visiting the young people in their accommodation, supporting through house meetings and having a 24h on call service for emergencies.
- This service will be ring fenced for CFS.
- This service will provide accommodation for 20 - 40 young people at any one time. It is expected that providers tailor support to individual needs but all young people would be expected to receive a minimum of between 3 and 5 hours of individual key work sessions a week. This lot will be awarded based on the number of places secured between Lot 1 and Lot 4 and the budget. The minimum guaranteed would be 20 places.
- This service will be awarded to a minimum of 2 providers.

**5.1.29. Lot 6: Ad hoc services - to be commissioned as a Framework or DPS (via later procurement Summer 2020)**

- This lot will support us to secure specialist accommodation for those young people whose needs cannot be met through the existing pathway.
- This service (lot) will aim to capture all the remaining and outstanding spot purchase arrangements under one framework delivering to one specification. This will include accommodation and support services ranging from 2 hours to 20 hours per week.
- The rationale for this lot is that there still will be young people whose needs will be best met outside of the pathway either due to location restrictions or because of the complexity of their needs. For those young people CFS will occasionally have to outsource placements via spot purchasing. A framework will support in improving the service standards and robust monitoring of these providers.
- This service will be ring fenced for CFS.

### 5.1.30. **BENEFITS REALISATION / LESSONS LEARNED**

**Benefits realisation:** There are currently gaps in the existing provision that can be addressed by redesigning the service:

- There is a lack of specific accommodation services for 16 /17 year olds where it is not appropriate for young people to be living alongside older care leavers or in mixed gendered accommodation.
- The existing contracts do not allow any emergency admissions which means homeless young people or young people who have experienced a placement breakdown have to be accommodated with private providers, who are mostly out of borough and at a significantly higher cost.
- The young parents' supported accommodation service is heavily focused on young mothers and needs to be amended to ensure a more equitable access for young fathers.
- The current support need is predominantly generic, with an unmet need for children and young people in the areas of complex mental health issues, substance misuse, young offenders and learning disabilities.
- Adopting a trauma informed approach and using Psychologically Informed Environments (PIEs) is an opportunity to promote placement stability and to engage with the hardest to reach young people.
- A large proportion of the accommodation (within the contract) is currently clustered in one postcode area of Hackney, which makes it difficult placing young people who may be at risk in those areas.
- There is a significant gap in providing accommodation that is affordable for young people and care leavers who are working. The provision in the current contract is not affordable to young people unless they are on benefits - which leaves them feeling financially trapped.
- There is no provision of quality accommodation and support for young people with lower support needs within the current contracts. Young people who do not have complex needs but are nonetheless vulnerable and do not meet the criteria for the existing pathway, are all accommodated with private providers, mostly out of borough.

5.1.31. Following the review of the current structure, existing contracts and spot purchasing arrangements, commissioners believe by redesigning these services, this will bring the following benefits:

- Recommissioning the services all at once will ensure there is a pathway from the highest level of support through to lower levels of support, to provide young people with a seamless journey through supported housing towards living independently. Young people will be provided with high quality support and accommodation to support their transition to independence.
- The new pathway will be flexible, person centred and outcomes focused with support being delivered based on young people's needs rather than fixed hours per scheme. This will support in preventing young people from falling out of the pathway if they are in crisis and young people will get a service that meets their needs rather than being placed into a service that is not flexible.
- A review of contracts will allow fixed costs over a number of years ensuring better control of budgets.
- These contracts will allow for a bigger pool of staff with mixed skills and from multiple backgrounds to match the Hackney resident demographics including more choice of male and female workers.
- Reduced costs to local authority in monitoring contracts. Currently there are 2 providers under the block contract who are monitored by the quality assurance and compliance officer in Adults services. However there are over 30 spot purchase providers who are monitored directly by CFS and it uses a large amount of resources from the placements team.
- Reduced provider management costs should increase value for money. Having one specification for all the providers to deliver too will save on local authority resources in terms of managing those providers. Managing 30 off contract providers who are all operating to different standards is challenging and not sustainable.
- The pathway lends itself to multiple providers, which enables the local authority to award the contracts to the providers with the right skills in the specified area.

#### 5.1.32. **Lessons learned:**

- The current complex needs service does not provide intensive enough support in the 24/7 units.
- Young people experience multiple changes in key workers - which is disruptive to the young person and is a barrier to receiving meaningful support. Young people can end up feeling lonely and isolated if they are unable to engage in a meaningful way.

- Young people can feel financially trapped in their placement as the cost of accommodation is too high - they are unable to afford the rent unless they are claiming benefits.
- Complex needs provisions need enough staff on duty during the day and the evening to manage the needs of young people.
- The current provision does not allow for ease of movement between the two providers nor can it cater for movement between high support to step down as there is a lack of step down units within the current contract.
- Move on - young people are not supported by the current providers to move on, instead are evicted for overstaying and have to present back to housing or the Greenhouse (Single Homeless Hub).
- The current contract does not allow for same day or emergency placements, which means that any such placements have to be made with spot purchase providers, usually at much higher costs and almost always out of borough.
- There are gaps in the current pathway often resulting in people being “stuck” in inappropriate placements and a risk the system “fills up”.
- Market events have demonstrated that there is significant interest in companies providing services in Hackney and to the council. Additionally, desktop research shows that the market for semi-independent accommodation is well established with more providers entering the market.
- Accommodation based hours can be inflexible for some clients. Current services provide support at fixed times, and are therefore unresponsive to emerging needs.
- Tenancy and licence agreements were not linked with support needs, thus missing early opportunities to move people on at critical times.
- The current model of accommodating all 16-24 year olds in a single property means safeguarding needs of the younger age group of the cohort cannot be fully met. We have had a number of case examples where vulnerable young people have been at risk of exploitation. To address this risk there is a need for a range of options of properties and medium to smaller units (4-5 beds).

5.2. **Strategic Context:** This proposed procurement plan supports:

- The Council to meet the requirements of the Children (Leaving Care) Act and Children Act 1989 which aims to make sure that looked after children and care leavers are provided with the support they need to achieve their full potential

as they make their transition to adulthood. The Council has a statutory obligation to provide accommodation for those under the age of 17 who are subject to a care order and those aged 16 or 17, whether or not they have been in care, if it is judged their welfare is likely to be seriously prejudiced.

- The Homelessness Act 2002, which extends the groups of homeless people with a priority need of accommodation to include 16- and 17- year olds, care leavers aged between 18 and 20 and those who are vulnerable as a result of having been in care, the armed forces, prison or having had to flee violence.
- The Council to meet its statutory duties for young people, aged 16 or 17, who are homeless or at risk of homeless and may require accommodation, the legal framework is set out within: Sections 17, 20 and 27 of the Children Act 1989; Working Together to Safeguard Children; Part 7 of the Housing Act 1996; and Homelessness Code of Guidance for Local Authorities 2018.
- The delivery of the priorities set out in the *Corporate Plan* and *Corporate Parenting Strategy 2019- 2022* - the commitment to provide young people with the support they need to achieve.
- The delivery of the *Corporate Parenting Strategy* and *Placement Sufficiency Strategy* which outline the Council's commitment to provide young people with a range of suitable accommodation options and to include them in the design and evaluation of services.
- These services will also support the council to meet its requirements specified in the Care Act 2014.
- Best Value duty of the Council. We have carried out a series of consultation events with providers, potential providers, large and small voluntary sector providers and wider stakeholders. This paper and proposals have been informed by these consultations.
- An initial service user consultation took place in 2018. An updated service user consultation was completed in the spring/summer of 2019, led by Hackney's Children in Care Council (Hackney of Tomorrow) and provider consultations with existing providers and through market engagement events which again have been fed into this report.
- Social Value will be sought through the open procurement process. This will include asking providers to define their offer or social value which will be evaluated as part of either the tender or negotiation process.

5.2.1. This report also supports the following Mayor's Priorities:

- **Tackling inequality** - these proposals ensure that the services being commissioned are available to those most at need, promoting equal access to services irrespective of health or social status, and targeted at the most vulnerable.

- **An ambitious and well-run Council that delivers high quality services** - Commissioners believe that the proposals are ambitious ones and through an open and competitive procurement process we will be able to award contracts to only those services that demonstrate the highest quality of services, with well defined specifications that will hold providers to account.
- **Prioritising quality of life and the environment** - Through the procurement process we will ask providers to address environmental impact of their services, including the use of energy efficient equipment. We will also ensure that where premises/accommodation is a feature of the bid, which they are of high quality standards which will promote the quality of life for all young people that use the services.
- **Connecting with Hackney's communities** - The specification will include a requirement for providers to work with internal and external voluntary organisations to support accessing services in the local area and promoting young people's wellbeing, helping them to connect to their local communities, utilising local support groups and services, to reduce isolation and promote inclusion.

5.2.2. **Preferred Option: 5-7 block contracts via competitive procurement, with multiple lots, for a young people's supported accommodation pathway. The term of contract will be 5 years with an option to extend for a further 2 years (5 +1 +1 years). A staggered procurement of a separate Lot 6 for ad hoc services via framework or DPS, circa £300k per annum.**

5.3. This contracting arrangement will enable the Council to develop a longer-term relationship with providers who will be expected to work with the council and other providers in the pathway to continuously improve services and outcomes for children and young people. As young people will often need access to different types of accommodation during their journey to independence, providers will be expected to work in partnership with providers in the pathway to facilitate the appropriate step down / step up to accommodation with less / more support.

5.4. The proposed contracts would establish a robust monitoring process underpinned by one core service specification. Under the current spot purchasing arrangements there is limited capacity to monitor the performance of providers because there is no standardised quality of service provision or key performance indicators.

5.5. The block contract is likely to achieve the greatest economies of scale and therefore lowest unit cost because providers would receive a guaranteed volume of business.

#### 5.6. **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

5.6.1. The following options have been considered and rejected:



- **Do nothing** - Contracts end 31 December 2020 and CPC have stated that no further contract extensions will be agreed. Therefore this is not an option. This will also not address the increase in demand on these services by CFS and issues with lack of consistency in quality and cost.
- **Framework / approved provider list** - This option would be extremely resource intensive to manage and would not provide the security of guaranteed placements for looked after children and care leavers. Frameworks are usually shorter in length and you are then restricted at the end of the agreement to use the providers who are in the framework for the new services. This does not allow the flexibility of opening up to new providers after 4 years. A framework is likely to contain many providers which would add considerable time to the evaluation process in the tender. As the contracts for the existing services end in December 2020 there is not enough time to have services in place via this option.
- **Dynamic Purchasing System (DPS)** - The establishment of a DPS has been considered as a route to engage the market. It has some aspects similar to a framework agreement, however new suppliers can join at any time during the life (5 years) of the DPS. This procedure has been used more frequently considering the volatile and ever changing economy. Some suppliers have stopped trading, new companies are being launched and this procedure reduces the risk by allowing new suppliers to join during its lifetime as long as attain the minimum selection criteria. This procedure is beneficial for Small Medium Enterprises (SMEs) and can potentially reduce the number of spot purchases. This would not be possible with a normal framework agreement as the Council would be restrained to the suppliers on the list. This approach will also give the Council the flexibility to develop existing services whilst in operation. The DPS has the potential to increase competition by requesting suppliers to submit competitive prices for each call-off contract thereby saving the Council money.

Although there are benefits to a DPS, there are serious considerations and challenges to take into account when implementing and running a DPS. For example, all suppliers on the DPS will be invited to tender for every piece of work and there is no provision for direct award. This would pose an onerous administrative burden on Council's resources. The specification would need to be very prescriptive in order to limit the numbers of suppliers responding to a call-off contract. The Council would also have to contract manage a larger pool of suppliers which will prevent effective supplier relationships. It should also be noted that suppliers can equally leave the DPS at any point which could leave the Council vulnerable. Having reviewed the feasibility of establishing a DPS, this would not be practical given the resource pressures.

#### 5.6.2. Insourcing: See Exempt Appendix 2

5.7. **Success Criteria/Key Drivers/Indicators:**

5.8. CFS is committed to ensuring that the experiences and progress of looked after children and care leavers remain high priority. This is also a focus of Ofsted inspections; with the Council being judged on how safe young people feel in their accommodation and how effectively they have been supported to successfully move towards independence.

5.9. Schedule 2 and Schedule 6 from the Care Leavers Regulations and Care Planning Regulations also sets out which factors must be considered in determining whether accommodation is suitable for a young person.

5.10. The above will inform a range of quality and efficiency criteria which will form part of the service specification and the key performance indicators which providers will be monitored against.

5.11. In addition to any specific needs identified in the young person's care plan or pathway plan, the service provider will work in partnership with the council to fulfil the Hackney Promise for Looked after Children and Care Leavers.

5.12. **See Appendix 3 for further key drivers linked to the Hackney Promise for Looked after Children and Care Leavers.**

5.13. **Whole Life Costing/Budgets:**

5.14.

<b>Lots</b>	<b>No. places</b>	<b>Indicative Total Contract Value £</b>
Assessment	8-12	£1.05m-£1.6m
16/17 Progression	20-25	£3.4m-£4.8m
Young Parents	8-10	£1.02m-£1.28m
18+ Progression	40-50	£3.82m-£4.78m
Move On	20-40	£913k-£1.83m
<b>Total</b>	<b>96-140</b>	<b>£10.2-£14.2m</b>

5.15. Funding for the Young People's Supported Accommodation Pathway is contained within the CFS services budget with a circa £300k per annum contribution from Adults Services.

5.16. **See Exempt Appendix 5.**

5.17. CFS & Adults Services will work in partnership with Housing to identify how many young people can transfer into the new pathway and the expected

timescales that would enable us to move to full occupancy. It will be stipulated in the contract that CFS & Adults will only pay for the places used during the scale up period (3 months) to 100% occupancy. This will be agreed at contract implementation and a clear process and timescales will be agreed.

5.18. In the tender documentation the budgets allocated and number of places required for each lot will be detailed so that we are able to control prices in the tender applications. Providers will be asked to provide a fixed price for the duration of the contract.

5.19. **Policy Context:**

5.20. The recommendations in this report supports all local policies relating to looked after children and care leavers; these policies are underpinned by statutory guidance published by the Department for Education. The statutory guidance that relates to this report is The Children Act 1989 guidance and regulation - Volume 2: care planning, placement, case review and Volume 3: planning transition to adulthood for care leavers, The Southwark Judgement 2009, The Care Leavers Regulations 2010, The Homelessness Code of Guidance for Local Authorities 2019. It also supports the council in its statutory responsibilities as a Corporate Parent.

5.21. **Consultation/Stakeholders:**

5.22. **Consultation with Service Users**

5.23. An independent consultation exercise was carried out to ensure that all service users and especially those hardest to reach were given the opportunity to comment. This was produced in partnership with the advocacy project and completed in July 2018. Findings from this consultation include:

- Inconsistent service provision - no common standards amongst providers, unclear how the quality of housing related support is monitored and measured
- Quality of support staff - high turnover of staff and lack of availability of skilled and trained staff have been flagged by service users and providers.
- More flexible approach needed - service users expressed the need to be able to access the right support when they need it, particularly supporting to signpost to other relevant services.
- Inadequate communication - service users are often required to share their story on more than one occasion because communication amongst providers is inconsistent.
- Support plans - only half of the service users engaged in the consultation had support plans or were aware that they had support plans.

5.24. A further consultation was completed with Hackney looked-after children and care leavers living in supported / semi-independent accommodation. This

was led by young people from Hackney's Children in Care Council who were working as young commissioners.

- 5.25. The young commissioners designed the consultation questions and successfully engaged 30 young people living in semi-independent accommodation between April and July 2019 by visiting young people in their homes, attending their house meetings, and speaking to them on the phone. As a result we were able to obtain much more qualitative information from this consultation.
- 5.26. In addition to supporting the above findings from the 2018 consultation, young people identified the following priorities for supported accommodation:
- **Flexible.** Young people frequently stated that they prefer to seek out support from staff when they need it, rather than being allocated key work sessions during the week in a prescriptive way.
  - **Young-person-centred.** A significant number of young people recommended that service providers should allocate a new key workers to young people if their relationship with their current key worker has broken down or is preventing them from accessing the support that they require.
  - **Consistent.** The majority of young people receiving floating support stated that they benefit from having a direct line of communication with their support workers through being given a 24h on-call telephone number that is operational seven days a week.
  - **Conscientious.** A large number of young people receiving floating support reported that they frequently receive unannounced visits from support workers, which they consider to be intrusive and unwarranted. Participants throughout our consultations recommended that not only should young people be informed of all visits to their placements, but that young people should be consulted with and given the final say on when and where they receive support unless there is a safeguarding concern.
  - **Proactive.** During our consultations, young people frequently stated that the quality of support that they receive from service provides depends heavily on the quality of the relationships that they have with support staff and key workers. With that in mind, a significant number of young people stressed the importance of support staff and key workers adopting a proactive approach in building a meaningful relationship with the young people that they work with.
- 5.27. Throughout the consultation a consistent theme that was raised was around economic well-being. 76% of young people consulted felt financially trapped in the placement. Young people living in semi-independent accommodation said they often feel as if claiming Universal Credit is the only way that they can maintain their tenancy. This is the case because the rental charges for semi-independent placements are so high that the majority of young people wouldn't be able to afford them if they were working full-time on minimum wage. Many young people stated that being dependent on benefits resulted

in them feeling frustrated, lonely, stigmatised, insecure and unable to move forward in gaining their independence.

5.28. In addition, Deputy Mayor Councillor Bramble met with the young people who completed the consultation in January 2020 to further ascertain their views and feedback which have been captured within this report.

5.29. **Consultation with Internal Stakeholders**

5.30. A working group was set up with key internal stakeholders from CFS, Adults Services & Housing to review the existing service provision and develop the priorities and outcomes for the new service. Front line practitioners were consulted as well as senior management to ensure that the most accurate feedback was captured. Young people from the children in care council were also invited to attend these to share their experiences and coproduce the specification with practitioners. The working group considered the following:

- Affordability of accommodation
- Upkeep of buildings and external spaces
- State of repair of furnishings and facilities
- Hourly rate for key workers
- Outcomes being achieved by young people
- Attitude and capabilities of staff and their ability to flexibly respond to young people's needs
- Pathway models in other Local authorities.

5.31. A needs analysis for CFS in relation to semi-independent accommodation has also been completed to support the development of the new pathway. The feedback on existing service delivery and suggestions for improvement have been reflected in the draft service specification.

5.32. **Consultation with Providers**

5.33. Current providers are enthusiastic about the redesign and retendering of these services. General feedback included:

- This is a great opportunity to help fill some gaps in the pathways.
- All providers liked the model of one floating support contract and could see how this would be beneficial to users.
- Some providers pointed out that current property is not available to other support providers in some cases.

5.34. A market engagement event was held in September 2019 where over 80 providers expressed an interest to attend, and 38 individual organisations attended the market engagement event. Providers actively engaged in the discussion of the delivery of the pathway and contributed some useful information to the consultation. Feedback included:

- Providers have shown an eagerness to develop an outcomes based framework with the local authority and to involve young people in the assessment and decision making process.
- Providers are eager to explore consortium bids for the pathway and individual lots.
- Careful consideration needs to be given around the use of tenancies, particularly with changes in homelessness legislation and welfare reform implications. Licence agreements allow more flexibility for the local authority and the provider.
- Providers have shown a keen interest in using Psychologically Informed Environments (PIEs) or similar approaches and a lot of providers who attended the engagement are already working with PIE principals entrenched in their organisations.
- Providers echoed the difficulties of moving young people on but acknowledged that they need to work in partnership with local authorities and preparing young people for the reality of housing options in London.
- Positive feedback on the pathway model from providers - they said this would enable them to deliver more targeted and successful interventions.
- Key issues were identified as identifying suitable housing stock - as Hackney cannot offer any properties for the use of this provision.
- Providers communicated the challenges in provider affordable accommodation for young people who are working but acknowledged that more partnerships with registered landlords would enable them to deliver this.

**5.35. Further consultation activities prior to tender**

5.36. A further market engagement event will be held at the beginning of February with existing and potential providers to involve them in more detailed discussions about the service requirements and to establish any potential difficulties or barriers in delivering optimal service solution including service costs.

5.37. Through a series of consultation sessions, young people will be involved in further developing the service specification and will create a set of service requirements in their own words which will form part of the core service specification. As part of the quality assurance framework, a series of youth led inspections will take place after the contracts have been awarded.

**5.38. Risk Assessment/Management:**

5.39. The Hackney Procurement Risk Analysis Tool (RAT) has classified this procurement as high risk.

5.40. The table below shows the risks associated with the project that have been identified and steps to be taken to address them.

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
Existing providers who do not tender or who tender unsuccessfully but have current looked after children or care leavers as tenants who cannot be moved	M	H	M	Issue contracts for existing providers for the remaining tenancy term (via Single Tender Action). Monitor /inspect these providers to ensure their services meet minimum standards until phased out and transferred to new service - court evictions etc
Insufficient appetite from the market	L	H	M	The market engagement event has concluded there is a high level of interest for this procurement
Control over costs cannot be achieved	M	H	M	The level of demand for this service is hard to predict but setting a cap for a maximum hourly rate for the support service should encourage some competition and help achieve better rates.  Rent costs will be in line or below with the LHA.

**5.41. Market Testing (Lessons learnt/benchmarking):**

5.42. Current providers are enthusiastic about the redesign and retendering of these services. General feedback included:

- Providers have shown an eagerness to develop an outcomes based framework with the local authority and to involve young people in the assessment and decision making process.

- Providers are eager to explore consortium bids for the pathway and individual lots.
- Careful consideration needs to be given around the use of tenancies, particularly with changes in homelessness legislation and welfare reform implications. Licence agreements allow more flexibility for the local authority and the provider.
- Providers have shown a keen interest in using Psychologically Informed Environments (PIEs) or similar approaches and a lot of providers who attended the engagement are already working with PIE principals entrenched in their organisations.
- Providers echoed the difficulty of moving young people on but acknowledged that they need to work in partnership with local authorities and preparing young people for the reality of housing options in London.
- Positive feedback on the pathway model from providers - they said this would enable them to deliver more targeted and successful interventions.
- Key issues were identified as identifying suitable housing stock - as Hackney cannot offer any properties for the use of this provision.
- Providers communicated the challenges in provider affordable accommodation for young people who are working but acknowledged that more partnerships with registered landlords would enable them to deliver this.

**5.43. Savings:**

**5.44. Please see Exempt Appendix 5.**

5.45. It is anticipated that this procurement will support in alleviating some of the cost pressures in this area for CFS. By offering a longer contract we are likely to be able to secure more competitive rates for this service. Benchmarking has demonstrated that we could expect a reduction in cost pressure for the service.

5.46. By virtue of this procurement being through a competitive tender we are hoping to attract more registered social housing landlords who offer much lower accommodation rates. The current shortfall with private providers is covered by CFS. Benchmarking and market engagement has shown that these providers are more likely to offer a flexible rent policy to support young people into employment.



- 5.47. As part of the Council's medium term financial plan, significant savings were agreed in respect of Housing Related Support. This procurement supports the delivery of some of those savings as Adults contribution to these young people's services has reduced.
- 5.48. The successful providers will be required to contain annual cost inflation within the price.
- 5.49. Additional cost pressure relief is likely to come from a decrease in the number of 16/17 year olds placed with spot purchase providers, addressing the availability of emergency accommodation, and providing affordable accommodation for 18+ care leavers. It is anticipated that the new pathway's interventions will achieve better outcomes for young people, therefore support placement stability and avoid young people being moved in a crisis to off contract providers.

## **6. SUSTAINABILITY ISSUES**

### **6.1. Procuring Green**

There are no negative environmental impacts identified in the PRIMAS. This procurement has been identified to have positive environmental impacts including encouraging providers who have existing properties in the borough to improve the properties and will encourage all providers to install environmentally positive aspects when they are upgrading buildings to meet the specification. The pathway also focuses on delivering accommodation within the borough of Hackney or as close as possible. This will support in the reduction in social worker travel time and expenses associated with visiting young people at a distance. Practitioners will be able to visit their young people using public transport which is more environmentally friendly. Young people will be placed in boroughs which will support the reduction in their travel time to visit family and friends and also lessen the environmental impact associated with travelling greater distances. The PRIMAS has identified this area as low risk.

### **6.2. Procuring for a Better Society**

There are no negative economic impacts identified in the PRIMAS. This contract will support in providing high quality supported accommodation for Hackney residents, including looked after children and care leavers. A 5+1+1 year contract provides employment stability. Contracts will be encouraged to employ volunteers, peer staff and apprentices. The contracts are divided into lots to allow smaller providers to bid successfully for the pathway.

### **6.3. Procuring Fair Delivery**

- 6.4. The EIA did not raise concerns that the groups protected under legislation would have negative impacts from this service. **See Exempt Appendix 6.**

There was a slight concern about how we deal with married young people and this will be resolved with Housing on a case by case basis, to ensure that we meet our statutory duties. Care leavers over 21 will still be supported by leaving care units, and will receive their housing support from Housing options.

## **7. PROPOSED PROCUREMENT ARRANGEMENTS**

### **7.1. Procurement Route and EU Implications:**

- 7.2. This service is categorised under the Light Touch Regime of the Public Contracts Regulations 2015. Given that that estimated contract value exceeds £663,540, this opportunity will be advertised via OJEU and procured using the OJEU Open Procedure that comply with specific obligations pertaining to the 'light touch' regime.

- 7.3. The Open Procedure has been adapted under the light touch regime to allow any providers that fail a selection question or scores below a defined threshold on a weighted question to be eliminated from the process and the Technical and Commercial sections not evaluated. Tender documents will be published on London Tenders Portal and Contracts Finder in accordance with the Council's CSO's, and via the Official Journal of the European Union (OJEU).

- 7.4. Providers are required to complete a Suitability Assessment Questionnaire (SAQ) on the London Tenders Portal. The SAQ will assess the suitability of the providers in terms of their technical knowledge and experience, capability, capacity, organisational and financial standing, environmental management and Health & Safety.

- 7.5. The Invitation to Tender document (ITT) will ask a range of technical, quality and commercial questions to establish the service offering in line with the Council's requirements.

- 7.6. The ITT evaluation criteria is as follows:

<b>CRITERIA</b>	<b>% WEIGHTING</b>
<b>Quality</b>	<b>70%</b>
Service Delivery	25%
Structure, Staffing and Supervision	15%
Safeguarding and Risk Assessments	10%

Quality Assurance	5%
Equalities & Diversity	5%
Service User Involvement	5%
Social Value	5%
<b>Price</b>	<b>30%</b>

- 7.7. The providers offering the most economically advantageous tender/service will be recommended for the contract award.
- 7.8. This procurement is seeking to secure accommodation based support for young people however all providers submitting bids will need to provide accommodation to deliver the service. All the cost of the accommodation will be covered by Housing Benefit/ Universal Credit, except in the case of Lot 2, Lot 1 & Lot 4 (where young people could be under 18) as young people who are under the age of 18 and not eligible for benefits. In those cases CFS will cover the cost of accommodation in full.
- 7.9. The price of the tenders will be assessed and scored based on the support cost for the contract and the cost of accommodation will be evaluated alongside the support costs to ensure that accommodation is provided with the Local Housing Allowance rate for the location and size of the property.
- 7.10. CFS Group and Service Accountants will be responsible for reviewing the financial element of the bids. Dun and Bradstreet reports shall also be reviewed and assessed by finance.
- 7.11. The evaluation panel for this procurement will comprise of the following:
- Head of Service for Corporate Parenting
  - Placement Resource Manager, Children & Family Services
  - Service Manager, Children & Family Services
  - Service Manager, Adults Services
  - Housing Manager, Housing
  - Young Person, Carers Council.
  - Finance & Procurement
- 7.12. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply as there will be outgoing service providers. Procurement has engaged with the providers to explore the initial implications. Procurement will ensure all decisions are taken in accordance with the Council's relevant policy and procedures relating to TUPE.
- 7.13. **Resources, Project Management and Key Milestones:**

<b>Key Milestones</b>	
Business Case Report to CPC	11 March 2020
Publish OJEU Notice – Open Procedure	31 March 2020
Launch Invitation to Tender (SQ & ITT) Pack	2 April 2020
Deadline for Supplier Clarification Questions	18 May 2020
Submission Deadline for Invitation to Tender (SQ & ITT)	28 May 2020
Tender Evaluation Period	1 June - 23 July 2020
Contract Award Report considered at CPC	13 October 2020
Standstill Period	19 - 29 October 2020
Mobilisation period	1 November 2020 - 31st March 2020
Start on site / Contract start	1st April 2021

**7.14. Contract Documents: Anticipated contract type**

7.15. The contract to be used will include the specifications that have been developed as part of the procurement process. There will also be KPIs outlining the levels of service required. The Standard Terms and Conditions for Social Care Services will apply to the new contracts with a six month termination notice period to apply. A block payment mechanism will also apply.

7.16. The project lead will be the Resource Manager for the Placement Management Unit supported by the Service Manager for the Corporate Parenting Service and overseen by the CFS Senior Management Team.

7.17. The specification reflects the Care Leavers (England) Regulations 2010, which sets out minimum standards for suitable accommodation for young people. The specification and other contract documentation will be finalised in February 2020, in time for the issue of the tender.

7.18. **Sub-division of contracts into Lots**

7.19. The contract will be divided into lots:

- Lot 1: Assessment Centre
- Lot 2: Progress Services- 16/17 year olds
- Lot 3: Progress Services 18+
- Lot 4: Young Parents Service
- Lot 5: Move on - visiting support & affordable accommodation for young people
- Lot 6: Ad hoc services (via later procurement)

7.20. By dividing this pathway into smaller Lots, we hope to make opportunities more accessible to smaller and local businesses and the third sector in line with the Council's Sustainable Procurement Strategy. CFS has some long standing established relationships with good quality smaller providers and this would make this accessible to them.

7.21. The financial allocation for each lot has been calculated via benchmarking internally and alongside other Local Authorities offering similar services. The minimum and maximum figures are provided to show the minimum number of places we will secure and the maximum. The rationale for giving a range for the number of places required is that we are depending on providers to submit bids with accommodation. As we do not have accommodation to provide for this tender, we cannot guarantee the number of bedrooms in each property as this varies. If we were too prescriptive in the number of bedrooms we would risk not being able to award the tender to any providers.

7.22. For Lot 3 due to the higher volume of places required, we will award these contracts to a maximum of 2 providers. Providers will be evaluated on their quality score and their capacity to deliver the required volume. The tender documents will outline a predefined evaluation criteria to support this. For Lot 5, the minimum number of places will be 20. This lot will be awarded based on the number of places secured within Lot 1 to 4 and the budget and may be flexed up, if needed. Tender documentation will outline the process for dealing with this fairly..

7.23. The proposed term of the contract shall be a period of 5 years with an option to extend services for an additional two (1+1) years.

7.24. All prices shall remain fixed for the duration of the contract period.

7.25. **Contract Management:**

7.26. The contract will be managed by the Resource Manager in Children and Families Service, a role that sits within the Placement Management Unit. This will be overseen by the Service Manager for Fostering and Placements and the Head of Service for Corporate Parenting.

7.27. Contract performance meetings will be held at least once per quarter. It is anticipated that for the first 6 months of the contract, meetings will be held

monthly to support the contract being embedded. This will include quarterly review meetings, which will review service delivery and performance against required service levels and Key Performance Indicators. All properties, policies and documentation relevant to the running of the service will be subject to regular audit and inspection which will be carried out by the Placement Management Unit.

7.28. A dedicated resource will be required to support in the performance monitoring, data collection, analysis, reporting and invoicing (which is currently undertaken by the Adults Commissioning Team). CFS will work closely with the Quality Assurance team to support in setting up the standard for this contract.

7.29. The service will also be steered by the Young People’s Supported Accommodation Panel, facilitated by Housing and CFS, and will be responsible for coordinating referrals for single homeless young people, looked after children and care leavers for this pathway. This panel currently meets fortnightly to discuss new referrals, incidents, move on and young people’s progress. The panel members comprise of representatives from LB Housing Needs, LBH Adults Commissioning, Service Manager for Looked after Children and Care leavers, Placement Management Unit and the pathway providers.

**8. Key Performance Indicators:**

<b>Person centred Outcomes KPI Targets</b>	<b>Monitoring</b>
<p><b>Service Utilisation - 90%</b>            Service targets to include: referral &amp; assessment timescale, throughput, planned moves, evictions, serious incidents, staffing % TBA</p>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p><b>Managing Money and Budgets</b></p> <ul style="list-style-type: none"> <li>● 100% of young people maximise their income and are in receipt of correct benefits</li> <li>● 100% of young people who have an active benefit claim</li> <li>● Less than 1% of young people evicted for arrears</li> <li>● % TBA of young people engaged with a budgeting plan/ service to prevent / reduce any rent arrears/ debt</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>

<p><b>Education, employment and training</b></p> <ul style="list-style-type: none"> <li>● % TBA young people moved into full time or part time education or training programmes while in receipt of the service</li> <li>● % TBA Young people attending and participating in a training course /education course</li> <li>● % TBA of young people in full or part-time employment (paid)</li> <li>● % TBA of young people currently participating in unpaid work/ work experience/ voluntary work</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p><b>Health and Wellbeing</b></p> <ul style="list-style-type: none"> <li>● 100% of young people registered with GP</li> <li>● &gt;90% of young people supported to access health advice or information</li> <li>● % TBA of young people with self-identified or diagnosed substance misuse problems in current contact with treatment services</li> <li>● % TBA of young people with self-identified or diagnosed need who have made improvements to their physical health</li> <li>● % TBA of young people with self-identified or diagnosed whose mental health has improved or stabilised</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p><b>Safeguarding</b></p> <ul style="list-style-type: none"> <li>● TBA Number of safeguarding alerts / Number upheld</li> <li>● % TBA of young people reporting they feel safe</li> <li>● 100% Staff receive Children &amp; Young People’s Safeguarding training</li> <li>● TBA Number of incidents</li> <li>● 100% Young people are reported missing according to procedure &amp; all professionals notified within</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>

<p>agreed timescales</p>	
<p><b>Community engagement and involvement</b></p> <ul style="list-style-type: none"> <li>● % TBA Young people engaged in volunteer /peer support work.</li> <li>● % TBA Young people engaged in hobbies and interests outside the home.</li> <li>● % TBA Young people who establish and maintain contact with friends/family.</li> <li>● % TBA Young people participate in their chosen leisure / cultural / faith activities.</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p><b>Complaints</b></p> <ul style="list-style-type: none"> <li>● 100% of complaints received and resolved in line with procedure and timescales</li> <li>● &gt;70% of young people leaving the service who are satisfied with the support and service (through exit interviews)</li> <li>● &gt;70% of all young people satisfied with service (annual young people survey)</li> </ul>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p><b>Sustainability Outcomes - Key Performance Indicators (TBA)</b></p>	
<p>Procuring Fair Delivery</p>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
<p>Procuring Green</p>	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>



Procuring for a Better Society	<ul style="list-style-type: none"> <li>● Quarterly performance workbook</li> <li>● Quarterly contract monitoring meeting</li> </ul>
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**8.1. Please see Exempt Appendix 4 for full KPIs.**

## **9. COMMENTS OF THE GROUP DIRECTOR FINANCE AND CORPORATE RESOURCES**

- 9.1. The recommendation of this report is for Cabinet Procurement Committee to agree to competitive procurement, with five lots, for a young people's supported accommodation pathway. The contract will be for five years with the option to extend for a further two years (5+1+1). The estimated annual contract value across the five lots is £1.4m-2m and the estimated contract value over the maximum seven year life of the contract is £10.2m-£14.2m.
- 9.2. The number of placements across the five lots will range from between 96 to 140. The rationale for giving a range for the number of places required is to allow flexibility given that we are depending on providers submitting bids with accommodation. The successful providers will be required to contain annual cost inflation within the contract value.
- 9.3. Adult Social Care will make a £300k annual contribution toward the service which recognises support for young people through the pathway up to the age of 21. It is anticipated that the new pathway will reduce the current overspend in the Children and Families Service and this will be monitored through Corporate Parenting budget review meetings to ensure that estimated cost reductions are realised.
- 9.4. The procurement seeks to commission support for the young people's supported accommodation pathway. The successful providers will also be providing the accommodation needed for the pathway for each lot, although this is not part of the block procurement. For all lots, associated accommodation will be expected to be provided at or below the Local Housing Allowance (LHA) rate and those that cannot provide this will be excluded from the tender. With reference to Lot 2, the majority of these providers in this sector are private providers and we therefore may need to increase the accommodation allowance as there is a risk that if the rent is too low this would discourage providers from bidding for the lot. This is currently the case with spot placements made within the service.
- 9.5. Placements for looked-after children and care leavers remains the most significant cost pressure for Children and Families Service, and the service continues to look for ways to improve the efficiency while ensuring they are achieving the best outcomes for children and young people. The proposed

contracts will seek to ensure the successful providers of semi-independent accommodation deliver their services according to a high standard and deliver improved value for money.

- 9.6. There has been an increasing demand for semi-independent accommodation as Hackney's looked-after children numbers have increased. As of March 2019 there were 149 16 and 17 year-olds being supported by the service. This represents a 25% increase from 2018 and a 57% increase since 2015. Additionally, the number of children aged 16/17 coming into care is increasing year on year. In 2017/18 33% of children coming into care were aged 16/17 and this increased to 42% in 2018/19; with most preferring to be placed in semi-independent accommodation instead of foster care.
- 9.7. Due to the varying needs of young people, there is currently an over-dependence on spot purchasing which makes it difficult to manage the market to ensure the security of supply at the right time, right price and the right quality. Ensuring consistency in quality and service delivery amongst all semi-independent providers is particularly challenging, and it is anticipated that the new pathway will seek to address these issues. The procurement of the new service will enable the service to achieve lower unit costs across each of the Lots. With the most significant savings coming from Lot 2 where we anticipate to reduce our current unit cost by approximately 33%. There is the potential for economies of scale should a provider be awarded more than one lot, and this will need to be included in the pricing model from providers (e.g. what percentage reduction they would offer if they were successful in multiple lots).
- 9.8. It is estimated that the new pathway has the potential for cost avoidance in the region of £498k-£753k per annum if there is full occupancy throughout the contract. This is based on benchmarked costs for similar services in other London boroughs. Voids of 10% will reduce this figure by approximately £146-203k to £352k-£550k. Given that the current services are well utilised with no voids, we do not expect more than 10% at any point after the initial transition has been completed. The service anticipates a three month mobilisation period, however this could be a risk given the number of placements and will need to be carefully managed with the successful providers and timeframes will need to be established in advance of the service start date. If this was delayed this would lead to void costs for the support hours that the council would need to pay to the successful providers. For instance, if this took an extra three months and there was 50% voids then this would cost £228k in void payments.
- 9.9. The further recommendation of this report is to agree to a later procurement of a further lot (Lot 6) for ad hoc services. This will be commissioned as a Framework or Dynamic Purchasing System (DPS) through a later procurement in 2020. This will cost approximately £300k per annum and will be funded from the Children and Families Services budget, and it is anticipated it will reduce the budget pressure in the service.

## **10. VAT Implications on Land & Property Transactions**

As we are undertaking this under a special legal regime (i.e. statutory duty), this is a non-business supply such that input tax on attributable costs is recoverable in full.

## **11. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE SERVICES**

- 11.1. The procurement process in this Report has been assessed as High Risk and therefore pursuant to paragraph 2.7.10 of Contract Standing Orders the approval to progress to market will be with Cabinet Procurement Committee.
- 11.2. The services to be procured in this Report are classified as Social and other Specific Services under Schedule 3 of the Public Contracts Regulations 2015 and are of an estimated value above the threshold of £663,540 for such services. Therefore it will be necessary to publish an OJEU notice in respect of the procurement of the services. It is proposed to use the Open Procedure under Regulation 27 of the Public Contracts Regulations 2015 to undertake the procurement process for the services comprising lots 1-5.
- 11.3. It is proposed to procure the services in lot 6 later this year in a separate procurement process. However, it has not yet been decided whether the procurement will comprise the establishment of a framework agreement or a Dynamic Purchasing System. Any procurement process for such services will need to be compliant with the provisions of the Public Contracts Regulations 2015

## **12. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 12.1. The structure of this pathway into six lots recognises the commitment in the Sustainable Procurement Strategy to support smaller organisations; while at the same time ensuring that we create viable contracts. The model of block pricing will enable service providers to have security and the service team will need to ensure that any 'voids' are minimised. In return we will require transparency in pricing and also the flexible use of hours to ensure that young people achieve their outcomes.
- 12.2. The services being paid for are largely staffing; however, delivery of this service in-house is not considered viable as there is a need for related accommodation and this would require significant capital investment. Additionally, by utilizing a number of different providers we will be able to offer our young people options about where they live, and who they live with which will help to ensure that we are helping young people to thrive in environments suited to their individual needs.
- 12.3. The procurement will also need to cover the cost for under 18 accommodation, as this is not covered by housing benefit.

- 12.4. The procurement process is following an open procurement and all tender documents will need to be fully detailed at advert stage. Timelines have been reviewed to maximise the time that bidders have to complete paperwork and a further market warming event is planned for February to help ensure that bidders are ready to proceed on 31 March, when the tender documents are released.
- 12.5. There has been good partnership working across council department boundaries including housing and adult social care as well as engagement with young people who use existing services - which have helped inform the specification and the model developing and ensures the council is meeting best value for local residents.
- 12.6. The final details around the procurement pricing strategy are being worked out, and these will be finalised - post the market engagement event - by the time this report reaches CPC.

## **APPENDICES**

**Appendix 1** Young people's Consultation

**Appendix 3** Key Drivers in line with Hackney Promise

## **EXEMPT**

**Appendix 2** Insourcing

**Appendix 4** Key Performance Indicators

**Appendix 5** Whole Life Costing / Savings

**Appendix 6** Equality Impact Assessment

By Virtue of Paragraph(s) **3** Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains **Information relating to the financial or business affairs of any particular person (including the authority holding the information)** and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **CONFIDENTIAL**

No

## **BACKGROUND PAPERS**

**In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required**

**Description of document (or None)****None.**

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