

CONTRACT APPROVAL: Young People's Supported Accommodation Pathway
Key Decision No. CE S042

CABINET PROCUREMENT AND INSOURCING COMMITTEE MEETING DATE

6 December 2021

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CLASSIFICATION:

Open with exempt appendix

If exempt, the reason will be listed in the main body of this report.

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

Spending & Saving

GROUP DIRECTOR

Jacquie Burke, Children and Education

1. CABINET MEMBER'S INTRODUCTION

- 1.1. This report proposes the procurement of several contracts to form a brand new pathway of supported accommodation for Hackney Looked After Children, Care Leavers and Homeless Young People. This is a joint procurement with Housing and Adults Services 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 to provide young person centred, wrap-around support that will make a significant impact in how young people experience supported accommodation.
- 1.4. Members will note that in-sourcing this service was not deemed viable during the options appraisal process. The Council has brought some previously outsourced services back in-house where it was judged to be operationally and/or financially advantageous. However, the nature of supported accommodation provided to the Council and the skills required to deliver housing-related support prove difficult to provide in-house, mainly due to the lack of available properties for the services. Throughout the consultation process and market engagement, registered social housing landlords indicated that they would not lease directly to the Council as the majority of the providers delivered support services from their Registered Social Housing properties themselves. Members should also note that the Council would incur a 22% increase in cost to insource this pathway, not taking into consideration the cost of purchasing properties. The biggest challenge to insource this service is acquiring the accommodation, which would be an additional £910k per year on top of the staffing (£350k) which makes this not a viable option at this time.
- 1.5. It is necessary to retain the outsourced housing related support services due to its significant financial and operational benefits to the Council as outlined in the report. In addition, there is limited registered social housing provision available in the borough, so by insourcing this we would lose access to the properties currently delivering the services as the landlords have indicated they would sell these properties for redevelopment or go to market rents,

further reducing the availability of affordable accommodation for young people in Hackney.

- 1.6. The successful providers are all dedicated to paying at least the London Living Wage for all staff and have all evidenced their commitments to our council and Mayoral priorities of procuring green, procuring for a better society and for a fairer delivery as well as evidencing increased social value. We have retained all the properties currently being used for these services in the borough and gained more homes that provide affordable accommodation for care leavers who are working. All providers are committed to ensuring this service is as sustainable as possible through a number of environmentally friendly upgrades and improvements to the existing buildings.
- 1.7. The young people's pathway will have a positive impact by providing high quality supported accommodation for Hackney residents, including looked after children and care leavers. A 5+1+1 year contract provides employment stability. By awarding these contracts this will also create several new job opportunities which will be able to be accessed by local residents. All providers have committed to encourage and support recruitment from the local area and community and have established links with the voluntary and community sector and will utilise various local job advertising opportunities. All successful providers have committed to having volunteers, apprentices and offering work experience to local residents.
- 1.8. All providers have committed to Hackney's Anti-Racist and Anti-Oppressive Practice policy as this formed a key part of the specification for the new service.
- 1.9. The Council used this tender opportunity to redesign the current services and give further emphasis on the quality of support and accommodation provided to young people. It is our expectation that this will facilitate the successful introduction of an improved pathway of supported accommodation for young people alongside the continued benefits of London Living Wage and its delivery of a higher retention of experienced staff.
- 1.10. This report and the recommendations are the result of a rigorous procurement process undertaken by Children and Families Service and Procurement Services.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1. This report requests approval to award 3 Lots (to 3 providers) for a period of 5 years, to deliver supported accommodation for looked after children, care leavers, and single homeless young people aged 16-21. There is an option to extend the service for a further 2 years if required (5 +1 +1 years).

- 2.2. 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.
- 2.3. 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.
- 2.4. Currently, supported accommodation for young people is delivered by 2 external providers. The Housing Related Support Services for Young People and Young Parents were originally established in April 2012 and ran until 31 December 2019 as block contracts. The existing contracts were extended via the Cabinet Procurement Committee until the end of January 2022 to ensure continuity of service and allow for a competitive procurement process.
- 2.5. A thorough procurement process has been undertaken, which included care leavers from the Children in Care Council. Their input was valuable as they were able to articulate the needs of young people using these services and to help inform our understanding of their experiences of accessing supported accommodation during their transitions to independent living. Some of the young people involved in the procurement process were also involved in the early stages of the original business case and assisted with the young people's consultation process which formed the needs analysis for the service.
- 2.6. Following the conclusion of the procurement process, the Council has identified 3 providers capable of delivering the required service.
- 2.7. 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 Adult Social Care through the Single Homeless Pathway.

3. RECOMMENDATION(S)

3.1 Cabinet Procurement and Insourcing Committee is recommended to:

3.2 Agree to award to Provider F for Lot 2 , Provider G for Lot 3 and Lot 5, and Provider B for Lot 5. 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 £1.18million, and £8.28 million over the life of the contract for 88 places for young people. The start date for the contract will be 1 April 2022.

4. RELATED DECISIONS

4.1. The Cabinet Procurement Committee agreed to the procurement of this service in February 2020. Key Decision No. CASH Q51 Young People's Supported Accommodation Pathway, Business Case. February 2020.

4.2. Key Decision No. CACH P9 Re-Tendering of Housing Related Support Contracts, Business case. September 2018

4.3. Key Decision No. CACH P72 Hackney Housing Related Floating Support Service, Contract Award Report. March 2019

4.4. Key Decision No. CACH Q29 Mental Health - Accommodation Based Housing Related Support, Contract Approval. December 2019.

4.5. Key Decision No. CASH R.60 Housing Related Support Services for Young People and Young Parents, Contract Approval. 12 April 2021

5. REASONS FOR DECISION/OPTIONS APPRAISAL.

5.1 This report provides the Cabinet Procurement and Insourcing Committee (CPIC) with the outcome of the procurement of a new supported accommodation pathway for Looked after Children, Care Leavers, Vulnerable Young Parents and Single Homeless Young People in Hackney.

5.2 Following the approval of the contract award, officers will proceed with the Implementation of the new contract to commence operation by 1 April 2022.

5.3 The two current contracts for the provision of Children and Young People's Accommodation Based Services are coming to an end in January 2022. This gave us an opportunity to redesign the current accommodation pathway and undertake a competitive procurement process. The redesign has allowed 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 meeting its sufficiency strategy and in managing the overspend in this area.

- 5.4 The new contract will have 3 providers, delivering 3 Lots and providing 88 spaces for young people. This includes 36 new places of affordable accommodation for young people who are working located in Hackney and neighbouring boroughs.
- 5.5 The provider will work with the Hackney Children's Services management team to ensure that the quality of the service being delivered remains high and that all young people are supported to develop independent living skills and realise their ambitions, whether that through education, employment or training.
- 5.6 There are no TUPE concerns with this contract award as the incumbent providers have been awarded the contract.

5.7 **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

- 5.7.1 Please see below options considered and rejected - Please see section 8. In addition, the Business Case Report approved on 10 February 2020 provides a more detailed explanation.

6. PROJECT PROGRESS

- 6.1. **Developments since the Business Case approval:** Following the approval of the Business Case in February 2020 the procurement was put on hold due to the developing situation with Covid-19 and eventually the national lockdown. The Children and Families Service had to prioritise the immediate needs of looked after children and care leavers and their accommodation and address the emerging needs for commissioning placements during the pandemic.
- 6.2. Providers were consulted and a large majority were affected due to staff being placed on furlough and having to concentrate on a response to the immediate needs of the service as a response to the global pandemic. Providers confirmed that this would impact on their ability to be able to successfully submit a tender under the original timescales.
- 6.3. The situation was closely monitored and the Children and Families Senior Management Team agreed to proceed with the tender process under a new timetable. The original benchmarking and finances were reviewed to ensure that the rates were still applicable and the specification was approved by the Director of Children and Families in September 2020.
- 6.4. There were further delays following the approval of the specification due to the cyber attack so it was not possible to publish the tender opportunity prior to February 2021.

6.5. The existing Housing Related Support services were requested to be extended and this was ratified by the Cabinet Procurement and Insourcing Committee (April 2021) and will end on 31st January 2022. The new pathway contract will commence on 1st April 2022. A 13 month extension was agreed over a 12 month extension due to the practicalities of the potential disruption of having to move young people over the Christmas period. This will also allow for a 3 month mobilisation period for the new service, which given its complexity and size is a sensible prerequisite to avoid any future extensions.

6.6. Hackney and the Children and Families Service has experienced a number of changes in leadership over the last 12 months, with an interim Director of Children's Social Care in place for a period, prior to a new permanent Director being appointed early this year. Over this period, a more robust approach to the scrutiny of care planning for adolescents at the edge of care has contributed to a decrease in the number of potentially homeless young people becoming looked after in emergency situations. At the same time, a renewed focus on trying to support more young people who need to come into care to transition to foster care, rather than semi-independent provisions, has gradually reduced the demand for supported housing options over time.

6.7. **Whole Life Costing/Budgets:** Following the procurement, the whole life cost for service provision is £8,284,059.00 over the full 7 year lifecycle.

6.8.

Number of Places	Yearly Contract Value	Total Contract Value
88	£1,183,437	£8,284,059

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

6.10. Please see **Exempt Appendix 5** for full whole life costs with breakdown by Lot / service.

6.11. **SAVINGS (cost avoidance)**

6.12. Please see **Exempt Appendix 5**

7. SUSTAINABILITY ISSUES

- 7.1. **Procuring Green:** This procurement will have positive environmental impacts through 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. Through this procurement we have retained most of the existing buildings used for supported accommodation and have gained new supported accommodation in Hackney and in neighbouring boroughs (all with good public transport links to Hackney). This will allow young people to walk or use public transport when travelling to visit family and friends and social workers to utilise public transport when visiting young people in their accommodation, which is more environmentally friendly. This will support the reduction in social worker travel time and expenses associated with visiting young people at a distance.
- 7.2. The successful bidders have a number of environmentally friendly initiatives including cycle to work schemes for staff, and recycling available at every property. All providers have committed to consider clean energy when replacing white goods and appliances and promote the use of green energy providers. Some of the providers have installed solar panels at properties and endeavour to roll this out to other properties and others are completing energy efficient upgrades eg. the installation of LED lights which will support in reducing energy consumption by 40% at those schemes. All providers have said they are committed to supporting young people in learning how to be more environmentally friendly through regular house meetings and teaching young people how to use heating and cooling more efficiently through regular key work sessions. Young people living in the service will be actively encouraged and supported to consider their energy use and communal areas will have information available for all young people to prompt turning off light switches, close doors etc to support in the reduction of energy consumption. Those providers that use external facilities management ensure these externally commissioned services are committed to supporting the reduction of energy consumption and have environmental policies to support this. One provider has also developed a volunteer group with young people they support who contribute to the local environment by cleaning up local parks, canals and streets in conjunction with other volunteer partner agencies. These environmental targets will form part of the quarterly reporting and the providers will need to continue to evidence the impact and contribution they are making throughout the life of the contract.
- 7.3. There were no negative environmental impacts identified in the PRIMAS for this procurement.

- 7.4. **Procuring for a Better Society:** The young people's pathway will have a positive impact by providing high quality supported accommodation for Hackney residents, including looked after children and care leavers. A 5+1+1 year contract provides employment stability. By awarding these contracts this will also create several new job opportunities which will be able to be accessed by local residents. All providers have committed to encourage and support recruitment from the local area and community and have established links with the voluntary and community sector and will utilise various local job advertising opportunities. All successful providers have committed to having volunteers, apprentices and offering work experience to local residents. One provider has partnered with another registered housing provider to offer an apprentice which would lead to a foundation in housing management. All providers have dedicated services for young people using their services that support and advice around training, careers and employment and several note that they have access to free qualification and training courses that our young people will be able to access. One provider has access to an external life coach to support young people realise their future life goals and ambitions and helps to build confidence to start their journey. All providers have shown a commitment in their bids to support young people's positive mental health and wellbeing through healthy eating, growing their own food and other activities which also support integration with other residents and the local community. Providers have committed to local recruitment first and have promised to carry out at least one Job Fair per year in Hackney working in partnership with the Council. Providers will encourage and promote applications from a diverse range of backgrounds to ensure that they are representative of the borough and the demographics of the young people they are working with. Specifically encouraging applications from Black and other Global Majority backgrounds by linking in with relevant community groups and forums. Some providers showed evidence of the success of this programme in their bids and have shown evidence that they will continue to monitor and report on these targets throughout the lifetime of the contract both internally and to the Council contract managers.
- 7.5. **Procuring Fair Delivery:** All providers are committed to paying the London Living Wage as a minimum for all the contracts.
- 7.6. Providers were asked how they would support in ensuring that they recruit from the local area and all demonstrated strategic plans on how they would promote this. All providers have relevant Diversity, Equality and Inclusion policies with clear targets and plans on how they will support and maintain

their diverse workforce as well as supporting young people from a range of backgrounds with varying needs. All providers report internally on diversity and inclusion to their own board of directors and will be expected to evidence this in regular contract management meetings with the Council. Providers stated in their bids various approaches to inclusivity and encouraging young people to share experiences and information about their culture and religion to improve understanding and shared experiences. Some providers noted supporting young people to celebrate cultural events in the local community. Staff delivering the support services are tasked with creating links with external partners to ensure resources are available to young people and some providers include a focus on diversity as a standard in their young people's newsletter.

- 7.7. Data on each of the protected characteristics is collected at service level, to provide a comparison of demographics between service and borough and ensure that the statistics for the service mirror those of the borough as closely as possible. A review of referrals against the protected characteristics will be carried out every quarter and any issues or points for further discussion will be taken to the next referral panel.
- 7.8. Equality & Diversity forms part of the mandatory induction training programme for all staff. The session includes an overview of legislation and codes of practice relating to equality, diversity and discrimination, understanding religious and cultural beliefs, understanding different communication styles and understanding the needs of the individual in the context of support planning. One provider is delivering training to all recruiting managers on unconscious bias to enable individuals to be more inclusive in their recruitment.
- 7.9. All providers have committed to Hackney's Anti-Racist and Anti-Oppressive Practice policy as this formed a key part of the specification for the new service.
- 7.10. **Equality Impact Assessment and Equality Issues:**
- 7.11. The EIA did not raise concerns that the groups protected under legislation would have negative impacts from this service.
- 7.12. 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.

- 7.13. The new service will support young people aged 16-21 to be in line with the Children and Families statutory offer in supporting Care Leavers with supported accommodation. The old service also supported young people (mostly single homeless) up to the age of 25. In the mobilisation period and the transition to starting the new contract young people who are no longer eligible for the service will be supported to move on by Housing to whatever is the most appropriate move on for them.
- 7.14. We have not been able to award Lot 4 (the young parents service) in this procurement. Therefore following the contract award, learning will be gathered and consideration for a new procurement for this service will be given which affects 8 young parents. This service will still be required, however the eligibility criteria will need to be re-evaluated as the change in age range will impact this service also. Historically, referrals to the young parents service have come from Children and Families service, but not all those referred to and living there would be care leavers. As a result, this was used as an interim housing solution which delayed the move on for those parents. Going forward as detailed in the specification, the young parents' service will be a time limited supported accommodation environment for care leavers who will need ongoing support. Supported accommodation for young parents where their child is subject to a Child in Need or Child Protection Plan or where there are safeguarding concerns will be best supported in Parent and Child Foster Care Arrangements, Parenting Assessment Centres, or short term supported accommodation sourced through spot purchase providers.
- 7.15. The new pathway planned to decommission one of the young parents' accommodation which is low support as this service was not meeting the needs of our young people and had high numbers of vacancies throughout the last few years of the contract. This will potentially impact 7 young parents living in the borough. Further discussions will be held with the provider to ensure that these young people are supported with an appropriate move on and consideration to decommission these services slowly based on young people's move-on plans will be considered.
- 7.16. Care leavers over 21 will still be supported by leaving care units, and will receive their housing support from Housing options as they are currently.

8. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

- 8.1. **Do nothing** - Contracts end 31 January 2022 with no further extension options.. Therefore this is not an option. This will also not address the increase in demand for these services by CFS and issues with lack of consistency in quality and cost.
- 8.2. **Framework / approved provider list** - This option would be extremely resource intensive to manage and would not provide the security of available

accommodation for young people. 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 increase resource pressure for contract management and quality assurance to the service and add considerable time to the evaluation process in the tender.

8.3. **Dynamic Purchasing System (DPS)** - This option involves some similarities to a framework agreement, however new suppliers can join at any time during the life (5 years) of the DPS. 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 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. Please see the original business case for more information (Key Decision No. CASH Q51 Young People's Supported Accommodation Pathway, Business Case. February 2020)

8.4. **Insourcing** - this option was thoroughly explored and rejected as part of the original business case. The main hindrance here is the lack of access to properties within the borough and the skills and experience of housing-related support knowledge. **Please see Exempt Appendix 6.**

9. TENDER EVALUATION

9.1. Evaluation:

9.1.1. Following agreement of the procurement strategy by Cabinet Procurement Committee on 10 February 2020, a contracts notice was published in the Find Tender Service (FTS) reference 2021/S 000-002454 on 8 February 2021.

9.1.2. This service is categorised under the Light Touch Regime of the Public Contracts Regulations 2015. The Cabinet Procurement Committee approved the commencement of the procurement using the open procedure with specific obligations pertaining to the 'light touch' regime. The procurement documents consisted of the Selection Questionnaire (SQ), Invitation to Tender document (ITT), including the service specification, the Pricing Schedule, TUPE data and the Contracts Terms & Conditions.

- 9.1.3. There were challenges receiving accurate TUPE information from some incumbent providers.
- 9.1.4. Expressions of interest were received from 187 suppliers. Numerous clarification questions were received from providers in relation to the requirement of having properties to submit along with the tender documents, and the requirement around the properties being from registered social housing landlords. Providers also asked if current properties were available to the new providers. There seemed to be a large number of providers of semi independent accommodation expressing an interest who did not understand what RSL's were. Several providers asked if they could source properties after being awarded the contract, or register with the RSL after being successful - which was clearly stated as a requirement in the specification.
- 9.1.5. 9 suppliers submitted a response on 9 April 2021. 6 suppliers passed the SQ, whilst 3 suppliers failed the SQ.
- 9.1.6. The tender evaluation was undertaken by the following stakeholders: Service Manager, Looked after Children and Care Leavers, Resource Manager, Children & Families Placement Management Unit, Young People, Housing Needs Team Manager.
- 9.1.7. The procurement process included Hackney's Children in Care Council. This involved several young people, all of whom are current care leavers who accessed supported accommodation in the last 5 years. We strived to co-produce the service as much as possible with young people with lived experiences. The Children in Care Council were better placed to inform professional's understanding of the experiences of Looked after Children and Care Leavers whilst living in supported accommodation. The Children in Care Council shared their views on the quality and standard of accommodation, the quality of support offered and characteristics of their ideal keyworker. These young people were also given the opportunity to formulate and ask clarification questions which formed part of the tender evaluation process. These young people were involved in assessing all the initial bids and then 2 young people were involved in assessing the presentation and marking the method statements.
- 9.1.8. The evaluation panel was issued with the tenders submitted by each supplier along with the evaluation model to record the scores awarded.
- 9.1.9. Tenders were evaluated in accordance with the criteria set out in the ITT document. 2 responses were deemed non compliant as they failed to submit a full tender response and were disqualified from the process. 4 suppliers in total were evaluated.

Table 1 - Tender Evaluation Criteria and Weightings

Criteria	Weightings %
Quality	70%
Service Delivery	30%
Service User Involvement	9%
Structure, Staffing & Supervision	8%
Safeguarding & Risk Assessments	8%
Equality and Diversity	5%
Quality Assurance	5%
Social Value	5%
Price	30%
Total	100%

- 9.1.10. The panel evaluated the tenders individually which were subsequently sent to procurement to collate. Moderation meetings were held on 18 May, 3 June, 18 June and 28 July to discuss the scores awarded. The qualitative scores were then combined with the score allocated to the price submission which resulted in an overall score for each provider.
- 9.1.11. The financial evaluation was based on the cost for delivering the service excluding property rents and services charges as these would be fully covered by housing benefit / universal credit accommodation allowance.
- 9.1.12. The financial evaluation was also carried out in line with the methodology stated in the ITT.
- 9.1.13. A summary of the scores can be found in Table 2 below. A detailed breakdown of the quality and price scores can be found in **Exempt Appendix 2**.
- 9.1.14. **Exempt Appendix 3A-C** provides a detailed cost breakdown.
- 9.1.15. Table 2 - Summary of Quality and Price Scores

Lot 2 - Progression - A specialist service for 16–17-year-olds

Provider Reference	Total quality score	Price Score	Total Score
Provider D	37.07%	9.30%	46.37%
Provider F	60.73%	30.00	90.73%

Lot 3 - Progression 18+

Provider Reference	Total quality score	Price Score	Total Score
Provider D	38.89%	5.42%	44.31%
Provider G	66.43%	30.00	96.43%

Lot 5 - Move On

Provider Reference	Total quality score	Price Score	Total Score
Provider B	65.56%	30.00%	95.56%
Provider D	37.27%	3.64%	40.91%
Provider G	65.56%	20.04%	85.60%

- 9.1.16. We are unable to award a contract for Lot 1. There were no viable bid submissions and feedback via the procurement portal was that the budget allocated was not sufficient for the service to be delivered. An ongoing challenge for this type of procurement is the availability of registered social housing landlord accommodation which continues to be difficult to source in the local authority.
- 9.1.17. We are unable to award a contract for Lot 4. Only one bid was received and the tenderer subsequently withdrew their bid, stating that the budget allocated for the service was not sufficient to deliver the service detailed in the specification.
- 9.1.18. We are not able to award as many places for Lot 3 as initially requested; approximately 50% of places required have been secured through the tender process. The main barrier for this was being able to secure registered social housing landlord accommodation as incumbent providers used the existing buildings for Lot 2, Lot 3 and Lot 5.

9.1.19. Given the feedback received, we will need to engage the market and review the budget and complete further benchmarking prior to a decision before going out to tender again for the lots not awarded. See Section 6.6 due to the changes in approach and demand we do not think that we will have a need for Lot 1 and instead look to reviewing the way that Lot 2 will be delivered with the successful provider to explore incorporating a period of assessment instead. Further discussions will be held with Senior Management in Children and Families Service and Housing and Adults Commissioners to agree an approach to commission the gap in the service left by not securing as many places as initially requested for Lot 3.

9.2. **Recommendation:**

9.2.1. On the basis of the tender evaluation outcome, the CPIC is recommended to :

9.2.2. Approve the contract award to Provider B, F, G for the provision of Young People's Supported Accommodation Service for a period of 5 years plus the option to extend for 2 years from 1 April 2022 to 31 March 2029 at an estimated cost of £8.28million for the duration of the contract.

9.2.3. Note that we are not awarding any of the lots to provider D as their commercial offer was not sustainable.

9.2.4. Note that in order for the new contracts to have the minimum 3 month mobilisation period required for a contract this size, we are proposing to extend the current service for the same price until 31st of March 2022. This will enable a smooth transition for young people living in the current services. We are in conversation with the current service providers to confirm these arrangements.

9.2.5. Note that Lot 1 & Lot 4 were not awarded and as a result we have 8 less places in the pathway than the original minimum number of places required. Commissioners will re-engage the market to ascertain the changes providers are facing and will revisit the budget allocated for these services. This may result in the service specification and/ or budget being amended as well as further procurement activity to be able to award Lot 4, and increase the capacity in Lot 3, which only half the places originally anticipated were awarded.

9.2.6. Subject to the recommendations being approved by the Cabinet Procurement and Insourcing Committee, there will then be a mandatory standstill period between 13 December 2021 and 23 December 2021.

9.2.7. Following the contract award, project meetings will be held to establish the requirements to enable a smooth mobilisation.

- 9.2.8. The service being awarded is contained within the Children and Families Service with a circa. £300k contribution per annum from Adult's Services.
- 9.2.9. This service meets the needs and objectives identified in the original business case. This service will provide a supported accommodation pathway for single homeless young people and looked after children and care leavers that will enable young people to develop and learn the necessary skills in order for them to achieve their full potential and be able to live more independently in the future.
- 9.2.10. The service will help to deliver the goals set out in our Sufficiency Strategy by providing good quality supported accommodation in Hackney (and neighbouring boroughs) and this service also creates opportunities for young people who are working through the provision of affordable supported accommodation.
- 9.2.11. Tupe is not applicable to this service.
- 9.2.12. All providers are committed to paying at least the London Living Wage throughout the duration of the contracts.

10. CONTRACT MANAGEMENT ARRANGEMENTS

10.1. Resources and Project Management (Roles and Responsibilities):

- 10.1.1. 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.
- 10.1.2. There will be up to 28 young people impacted who are currently living in properties proposed to be used for Lot 2. These are a mixture of care leavers and single homeless young people aged 18-24. Children and Families Service will work with Housing to move on the relevant young people in a planned way with minimal disruption throughout the mobilisation period. There are approximately 40 young people who are looked-after living with spot purchase providers that would be assessed and moved into the new service for Lot 2 once the contract has started.
- 10.1.3. There are approximately 8 young people living in the properties proposed for Lot 3 that are over the age of 21 that will be moved on by Housing. Half of these young people are currently on the waiting list for 2020/21 quota nominations and should have moved on by the contract start date.
- 10.1.4. As Lot 4 has not been awarded to in this procurement there are 12 young parents currently living in this service which this would impact. **Please see**

section 7.14 for plans for this service. As the one of the properties currently used for low support young parents was not included in this procurement we are currently in conversations with that provider to assess the needs of the young people and if there is any flexibility for the use of these properties. There are 7 young parents living there who are a mixture of single homeless young people and care leavers. We would explore moving on those who are no longer eligible for supported accommodation with housing; any care leavers under the age of 21 would be moved on by Children and Families if they could not stay there until the end of their tenancies. It is worth noting that these 7 flats are Assured Shorthold Tenancies, where the eviction route is lengthy and relies on the courts. Whenever possible we will work with Housing colleagues to move young parents on sooner in a more planned and seamless manner as not to impact on their and their children's lives.

- 10.1.5. The main change in the delivery of the new pathway is the separated age ranges for Lot 2 (age 16-18) and Lot 3 (18-21). Referrals for both these services will be shared between the Greenhouse and Children and Families service. Lot 5 will only be available for Care Leavers from Hackney aged 18-21 (or up to 25 if they are in full-time education or have additional needs). Care leavers over the age of 21 are still supported by the Leaving Care Service if they require support and single homeless young people over the age of 21 will still be assessed and accommodated if there is a need through Hackney's Single Homeless Pathway.
- 10.1.6. The project plan has allowed about three months for contract implementation (**Exempt Appendix 4**). A full mobilisation plan will be produced by the provider indicating key activities and milestones throughout the period. The Resource Manager will work closely with the provider to ensure a smooth handover and implementation and will report on progress on a weekly basis.
- 10.1.7. The Contracts Team will support the implementation meetings to ensure that the contract is executed.
- 10.1.8. The provider will be expected to attend monthly monitoring meetings for the first three to six month and quarterly thereafter. The monitoring meetings will review:
- KPI reporting
 - Monthly/quarterly provider performance
 - Invoice checking
 - Customer satisfaction surveys
 - Risk/Safeguarding
 - Estate Management
 - Quarterly strategic reviews
- 10.1.9. 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.

- 10.1.10. A dedicated resource will be required to support the performance monitoring, data collection, quality assurance, 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. Internal discussions are in progress to establish this post by the start of contract commencement.
- 10.1.11. The providers will take a “can do” approach to referrals, working collaboratively with young people and any relevant professions to explore how the service can meet their needs, before considering refusal. This service should expect to work with vulnerable and homeless 16-21 year olds from a variety of backgrounds and experiences (as detailed in the specification).
- 10.1.12. Referrals to the service will be made via the Young People’s Pathway Coordinator. It is envisaged that these referrals will come from: The Greenhouse (Hackney’s Single Homeless Pathway) Children & Families Service (Access & Assessment, Children in Need, Looked After Children & Leaving Care)
- 10.1.13. The expectation is that referrals that are made to the pathway are suitable for the service. There will be a central referral form that will be created in partnership with Housing, CFS and the providers that will ensure consistency of information gathered and shared. Ideally this form would fit within existing social care referral forms to minimise the need for social workers to complete separate referrals for the pathway. This will be developed with the providers during mobilisation.
- 10.1.14. The successful providers will work with the commissioner to develop ongoing feedback from young people which will shape future and current service development. They will also be expected to work in partnership with Hackney’s Children in Care Council (HOT)
- 10.1.15. 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 are representatives from LB Housing Needs, LBH Adults Commissioning, Service Manager for Looked after

Children and Care leavers, Placement Management Unit and pathway providers.

- 10.2. **Key Performance Indicators:** Please see KPIs below. A full list of KPIs can be found in **Exempt Appendix 7**.

Service KPI Targets Set	Monitoring
Service Utilisation - 90%	Quarterly
Referral and assessment 100%	Quarterly
Throughput - 75%	Quarterly
Planned moves - 100%	Quarterly
Evictions and Abandonments - <10%	Quarterly
Completion of accurate Performance Reporting workbooks	Quarterly
Service User Satisfaction - 90%	Quarterly & Annually
Number of serious incidents reported & investigated in line with policy - 100%	Quarterly
Support is flexible and responds swiftly to changing needs - 95%	Quarterly
Young People are supported by consistent key workers, % & no. of young people who experience a change in worker that is not requested - <10%	Quarterly
Providers are delivering a well led service - including staffing, training etc	Quarterly
Sustainability Outcomes - Key Performance Indicators (TBA)	
Procuring Fair Delivery	Quarterly performance workbook Quarterly contract monitoring meeting
Procuring Green	Quarterly performance workbook Quarterly contract monitoring meeting
Procuring for a Better Society	Quarterly performance workbook Quarterly contract monitoring meeting
Person Centred Outcomes	Monitoring
Young people are supported to managing their money and budgets - 100%	Quarterly
Young people are supported to engage in education, employment or training and work experience - >80%	Quarterly

Young people are supported with all their health needs - 100%	Quarterly
Safeguarding - Young people are living in a physically safe environment with appropriate support network to meet their individual needs / safeguarding concerns / incidents	Quarterly
Young people are supported with community engagement and involvement	Quarterly
Complaints - Young people are listened to and their views actively sought to improve the service 100%	Quarterly

11. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 11.1. The recommendation of this report is to agree the contract award, with three lots (Lot 2, Lot 3 and Lot 5), 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 annual contract value across the three lots is £1.18m and the contract value over the maximum seven year life of the contract is £8.28m. The start date for the contract will be 1 April 2022. Exempt Appendix 5 has a full breakdown of contract values across the three Lots and the cost avoidance analysis undertaken (outlined in section 11.7).
- 11.2. The number of places across the three lots is 88. The successful providers will be required to contain annual cost inflation within the contract value.
- 11.3. 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.
- 11.4. 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.

- 11.5. There continues to be an increase in demand for supported accommodation as Hackney's looked-after children numbers continue to increase year on year, which also results in a higher number of care leavers being supported with accommodation. The number of Looked-After Children (LAC) at 31 March 2021 was 438, which is a 7.3% increase since 2019 (406 Looked-after Children). As of March 2021 there were 173 16 and 17 year-olds being supported by the service, which is 39% of all Children Looked-After at the 31st March 2021. This represents a 14% increase since 2019. We continue to see a steady increase in the cohort of older teenagers aged 16/17 coming into care and although the Children and Families Service has recently changed their approach to accommodating these young people, there still remains an increasing demand for supported accommodation services for young people aged 16-21.
- 11.6. 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 three lots. With the most significant cost reductions coming from Lot 2 and Lot 3 where we anticipate to reduce our current unit cost by approximately 95%.
- 11.7. It is estimated that the new pathway has the potential for cost avoidance in the region of £1million 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 some level are expected given the nature of accommodation-based services, and we estimate that 10% void levels will reduce this cost reduction estimate from £1m to £780k. 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 a delay in moving spot purchase placements to the new pathway under more competitive rates.

12. 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.

13. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE SERVICES

- 13.1. The services in this Report were assessed as High Risk by the Council and on 10th February 2020 Cabinet Procurement Committee agreed a Business Case in respect of the procurement of such services. Pursuant to paragraph 2.7.10 of Contract Standing Orders the approval to award a contract will be with Cabinet Procurement and Insourcing Committee.
- 13.2. Details of the procurement process undertaken by officers are set out in this Report. The proposed contract awards to Bidders B, F and G follow a procurement process in respect of services which are classified as Social and other Specific Services under Schedule 3 of the Public Contracts Regulations 2015.

14. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

- 14.1 The contract is valued above the relevant UK Public Procurement threshold (Social and Other Specific Services “light touch” regime) and a compliant tender process has been conducted in accordance with the regulations and Hackney Contract Standing Orders.
- 14.2 The recommendation to award the contracts to the 3 bidders as described is supported. The successful tenders are assessed as delivering quality and value for money. The proposed contracts deliver significant cost avoidance when benchmarked against current spot purchasing arrangements.
- 14.3 Suitable KPIs and contract management arrangements are in place, including delivery of social value in line with the Council’s Sustainable Procurement Strategy.
- 14.4 For those Lots in which it has not been possible to award contracts or sufficient placement capacity, Central Procurement will support the service area to review the process and market conditions, ahead of undertaking the necessary further procurement.

APPENDICES

EXEMPT

- Exempt Appendix 1 - Long and Short List of Providers**
- Exempt Appendix 2 - Breakdown of Quality & Price Score**
- Exempt Appendix 3A-C - Detailed Cost Breakdown**
- Exempt Appendix 4 - Implementation Plan**
- Exempt Appendix 5 - Whole Life Costings / Savings**
- Exempt Appendix 6 - In Sourcing**
- Exempt Appendix 7 - Full Key Performance Indicators**

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

(None)

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