

**AGENDA ITEM 7**

<b>TITLE OF REPORT :Housing Related Support Services for Young People and Young Parents</b>	
<b>CONTRACT APPROVAL</b>	
<b>Key Decision No. CACH R.60</b>	
<b>CPC MEETING DATE (2020/21)</b>  12 April 2021	<b>CLASSIFICATION:</b>  Open with exempt appendices 1-3  By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 appendices 1-3 are exempt because they 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.  <b>If exempt, the reason will be listed in the main body of this report.</b>
<b>WARD(S) AFFECTED</b>  All Wards	
<b>CABINET MEMBER</b>  Deputy Mayor Cllr Anntoinette Bramble	
<b>KEY DECISION</b>	

Yes

**REASON**

Affects two or more wards & Spending/or saving

**GROUP DIRECTOR**

Anne Canning - Group Director Children & Education

**1. CABINET MEMBER'S INTRODUCTION**

- 1.1. This report proposes the extension of two Housing Related Support contracts for young people that currently deliver supported accommodation for Hackney looked after children, care leavers and homeless young people and young parents. The extension of these contracts will support the current reprocurement of Young People's Supported Accommodation services that will deliver a seamless transition throughout a young person's journey to independent living.
- 1.2. The extension of these two contracts will ensure that we are continuing to support the young people who are most vulnerable and in most need. It is crucial that there is no gap in this service delivery before the new pathway will commence on 1 February 2022. If these services are not extended, young people living in supported accommodation in Hackney would have their accommodation and support services significantly disrupted and could result in young people having to move out of the borough. This would have a detrimental effect on young people living in supported accommodation in Hackney.
- 1.3. The current service providers are committed to continue being London Living Wage providers and the service provision has a considerable positive local economic impact which supports our Sustainable Procurement Strategy. All services will continue to provide high quality supported accommodation that empowers young people to develop their independent living skills and work towards fulfilling personal goals, aspirations and wellbeing. The services will also encourage young people to form a greater connection to their communities, reducing isolation and social exclusion by keeping them close to family, friends and support networks in the borough.

- 1.4. The extension of these contracts provides employment stability and stability for young people living in these services. Providers are reporting on the number of staff employed who live in the borough of Hackney and the number of staff who identify as Black and from Ethnic Minorities, both are committed to creating employment opportunities for local people. The continuation of these current services evidences best practice through providing consistency and stability for vulnerable children and young people who need these services most. In addition, both providers are looking to improve regeneration and integration of our local communities by providing Hackney looked after children, care leavers and single homeless young people and parents access to high quality support and accommodation in our borough.
- 1.5. This extension will support the Local Authority in meeting its statutory duties in relation to looked after children, care leavers and homeless young people, whilst ensuring there is access to a range of supported accommodation options that are of a high standard and deliver the best value for money.
- 1.6. This report will also deliver on the Mayoral commitments of tackling inequality; improving the quality of life of our vulnerable residents; actively intervening to protect and promote their well being, connecting with Hackney communities and working in partnership with local people to shape services.

## **2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1. Housing Related Support Services for Young People and Young Parents provide a range of supported accommodation for homeless young people, looked after children, care leavers and vulnerable young parents aged 16-25 in Hackney. It is a block contract with two providers that enables the Council to meet its statutory obligations in relation to preventing homelessness and providing supported accommodation for looked after children and care leavers.
- 2.2. This provision complements the Single Homeless Pathway and existing spot purchase supported accommodation arrangements commissioned by Children and Families Service, enabling vulnerable young people to be supported in the borough and gain the necessary skills to transition to independent living.
- 2.3. This report is being presented to the Cabinet Procurement Committee due to the value of the cumulative contract and it's previous extensions.

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

- 3.1. Cabinet Procurement Committee is recommended to:
- 3.2. Agree to the extension of two contracts for the provision of 'Accommodation Based Support for Young People' for the period 1st January 2021 to 31

January 2022. The total contract value for the extension period is £911,617 (Provider A £602,859 + Provider B £308,758).

#### **4. RELATED DECISIONS**

- 4.1. **Key Decision No. CACH Q51 BUSINESS CASE:** Young People's Supported Accommodation Pathway. February 2020.
- 4.2. **Key Decision No. CACH Q29** Mental Health - Accommodation Based Housing Related Support, Contract Approval. December 2019
- 4.3. **Key Decision No. CACH P72** Hackney Housing Related Floating Support Service, Contract Award Report. March 2019
- 4.4. **Key Decision No. CACH P9** Re-Tendering of Housing Related Support Contracts, Business case. September 2018

#### **5. REASONS FOR DECISION/OPTIONS APPRAISAL**

- 5.1 **Summary:** The extension of these two contracts for 13 months will ensure that the Children and Families service continues to provide supported accommodation for looked after children, care leavers and homeless young people whilst the procurement of the new service is underway. By continuing these services we are minimizing the disruption of services to vulnerable young people and avoiding any unnecessary moves out of the service.
  - 5.1.1 **History of the Contracts:** 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. London Borough of Hackney issued an expression of interest in August 2011 to invite suitably qualified and experienced organisations to provide up to four services to a range of young people and young parents aged 16-24. The services' aim was to contribute to strategies for securing a better future for young people including those with complex needs, ensuring they have the same opportunities and aspirations as other young people. The service operated as part of an overall network of support, working closely with other professionals such as the Borough's Procurement Team Children and Young People Services, Housing Options and Advice, Drug and Alcohol Action Team Young Hackney, the NHS City & Hackney and other relevant partners.
  - 5.1.2 There were 4 services that were commissioned: Service 1 -Young Parent Priority Service 2 –High/ Complex Needs Support Service Service 3 –Medium Needs Support Service Service 4 – Mobile Security & Referral Coordinator Service. The provision for a Mobile out-of-hours Security and the Referral Coordinator Service was not a separate contract and will be attached to either service 1, 2 or 3. Bidding organisations were free to tender for one or all contracts. The combined service specification was sent with the Pre-Qualification Questionnaire and organisations which were invited to tender after successfully completing the qualifying round were provided with

detailed tendering instructions; contract terms and conditions; and service specifications.

- 5.1.3 The original contract duration was for three years, with the option to extend for a further two years. The contracts ran for 5 (3+2) years.
- 5.1.4 In 2017 both providers agreed to a contract variation to reconfigured and significantly reduce the size of the service which included decommissioning some of the services (medium support services, vulnerable parents, mobile security & referral coordination) to support in the delivery of savings required across the Housing Related Support portfolio in Adults Services. Following the variation, the contracts were awarded for an additional 24 months in 2017 until 31st March 2019 with an extension for 9 months until 31st December 2019.
- 5.1.5 In 2018 the commissioning responsibility of these young people's services transferred from Adults Services to the Children and Families Service who are now leading on the redesign and the commissioning and procurement of the new pathway for young people.
- 5.1.6 These contracts were extended by Single Tender Action for 12 months from December 2019 to enable enough time to undertake a competitive procurement process. This contract extension is reported to HPB in accordance with Contract Standing Orders as the total value of extensions to these contracts (including the previous STA extension exceeds £1M).
- 5.1.7 There are two providers delivering this service: Complex Needs Accommodation Based Support for Young People and Vulnerable Parents (Provider A) and Complex Needs Accommodation based Support (Provider B).
- 5.1.8 The financial resources for these services are contained within the existing Adults and Children and Families budgets.

## 5.2 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

- 5.2.1 **Insourcing** - This was explored and not economically advantageous largely due to the inability to source suitable accommodation in borough for the delivery of these services (**Exempt Appendix 2**)
- 5.2.2 **Do Nothing** - This is not recommended as the young people's supported accommodation offer within the borough would be substantially reduced resulting in a negative impact on young people, families and communities. The Council would not meet its statutory obligations in terms of providing supported accommodation for vulnerable young people in the borough and reducing homelessness and would put the Council's reputation at risk. This will also not address the increase in demand on these services by Children

and Families and issues with lack of consistency in quality and cost. If current contracts are not extended, 64 service users will require housing advice and assistance from either CFS or Housing. This would place significant resource and financial pressure on both departments. Approximately 50% of clients are looked after children or care leavers and approximately 20% of clients are vulnerable parents. Due to the lack of suitable accommodation in Hackney, all of these clients are likely to be placed out of Borough with private providers where the cost is considerably higher than within the existing contract arrangements. By extending current contracts, the Council will continue to secure accommodation at rates that are more competitive than spot purchasing arrangements.

## **6. PROJECT PROGRESS**

### **6.1. Developments since the Business Case approval.**

- 6.2. 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.
- 6.3. 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.
- 6.4. 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.
- 6.5. The contracts that are being extended will end on the 31st January 2022 and the new pathway contract will commence on the 1st February 2022. A 13 month extension is proposed 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 longer mobilisation period for the new service, which given its complexity and size is a sensible prerequisite to avoid any future extensions.
- 6.6. At the time of writing this report the Young People's Accommodation Pathway Service has gone out to tender on 10.02.2021 and the new procurement timetable is listed below:

6.7.

MILESTONE	TARGET DATE
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Publish OJEU Notice – Open Procedure	8 <sup>th</sup> February 2021
Launch Invitation to Tender (ITT)	10 <sup>th</sup> February 2021
Deadline for Supplier Clarification Questions	23 <sup>rd</sup> March 2021 @ 5pm
<b>Submission Deadline for Invitation to Tender (ITT)</b>	<b>1<sup>st</sup> April 2021 @ 12 noon</b>
Tender Evaluation Period	6 <sup>th</sup> April - 7 <sup>th</sup> May 2021
Clarifications/Interviews	17 <sup>th</sup> – 21 <sup>st</sup> May 2021
Agree Contract Award & Prepare Governance Documents	24 <sup>th</sup> May – 30 <sup>th</sup> July 2021
Contract Award recommendation	7 <sup>th</sup> September 2021
Contract Award notification	7 <sup>th</sup> September 2021
Standstill Period	7 <sup>th</sup> – 17 <sup>th</sup> September 2021
Contract Award	20 <sup>th</sup> September 2021
<b>Contract Kick-off Meeting</b>	<b>21<sup>st</sup> September 2021</b>
Contract Implementation/Transition	21 <sup>st</sup> September – 31 <sup>st</sup> January 2021
<b>Contract Go-live</b>	<b>1<sup>st</sup> February 2022</b>

6.8. **Whole Life Costing/Budgets:** The total value of the extension for the contracted services is £911,617 over 13 months. This is jointly funded by Children and Families Service and Adults Services. **[Exempt Appendix 1]**.

6.9. Funding for Housing Related Support Services for Young People and Young Parents is contained within the Children and Families budget with a 50/50 split with Adult services. For the new pathway the majority of the funding will come from the Children and Families budget with a circa £300k annual contribution from Adult Services.

#### 6.10. **SAVINGS**

6.11. None identified. The individual annual contract prices are within budget and will remain unchanged for the duration of the extension. Market testing and financial analysis confirm that the existing contracts offer good value for money for the Council and the block contracts achieve greater economies of scale in comparison to other spot purchasing arrangements

### 7. **SUSTAINABILITY ISSUES**

#### 7.1. **Procuring Green**

7.2. None identified.

7.3. **Procuring for a Better Society**

7.4. The service provision has a positive local economic impact through the delivery of supported accommodation services for Hackney looked after children, care leavers and single homeless young people. The extension of these contracts provides employment stability and stability for young people living in these services. Providers are reporting on the % of staff employed who live in the borough of Hackney and the % of staff who identify as BAME, both are committed to creating employment opportunities for local people. This will continue to be monitored throughout the regular contract monitoring meetings as well as exploring further opportunities such as apprenticeships for the duration of the contract.

7.5. The Providers have committed to paying the London Living Wage over the life of the contracts.

7.6. **Procuring Fair Delivery**

7.7. The contract extension will have no adverse impact on certain groups and providers will be expected to continue to meet the culturally diverse needs of all young people. Both providers have published statements and whistleblowing policies that meet our requirements about Tackling Modern Slavery.

7.8. **Equality Impact Assessment and Equality Issues:**

7.9. The EIA did not raise concerns that the groups protected under legislation would have negative impacts from this service.

8. **ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

8.1. See section 5.2

9. **TENDER EVALUATION**

9.1. **Evaluation:** N/A

9.2. **Recommendation:** Not used - this report concerns extension of existing contracts.

10. **CONTRACT MANAGEMENT ARRANGEMENTS**

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



10.2. The individual contracts are managed by the Resource Manager in Children and Families Service, a role that sits within the Placement Management Unit. This is overseen by the Service Manager for Fostering and Placements and the Head of Service for Corporate Parenting. These contracts are subject to the service Quality Assurance Framework and will be routinely inspected. Performance data on outcomes and attendance figures will monitor the effectiveness of the project alongside regular user surveys and consultations. The service is also steered by the Young People's Supported Accommodation Panel, facilitated by Housing and Children and Families, and is responsible for coordinating referrals for single homeless young people, looked after children and care leavers. This panel currently meets fortnightly to discuss new referrals, incidents, move on and young people's progress. The panel members comprise representatives from LB Housing Needs, LBH Adults Commissioning, Service Manager for Looked after Children and Care leavers, Placement Management Unit and the providers.

10.3. **Key Performance Indicators:**

10.4. The current KPI's are still relevant and will continue **[Exempt Appendix 3]**

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

11.1. The recommendation of this report is to agree the extension of two contracts for the accommodation based support for young people for a thirteen month period from 1 January 2021 to 31 January 2022. This will allow sufficient time for the procurement of the new service to be completed and the development of the new pathway for young people. The total value of the extension is £911k and this will be met from existing budgets within Children's and Adults Services respectively, and will not result in a budget pressure for the Council.

**12. VAT Implications on Land & Property Transactions**

12.1. 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 OF LEGAL & GOVERNANCE**

13.1. The current contracts for Housing Related Support Services for Young People and Young Parents expired on 31st December 2020 and this Report sets out the reasons why it has not been possible to undertake a procurement process to continue service provision after such date. To undertake a procurement in order to appoint a short term provider to commence the service immediately would be economically disadvantageous for the Council in terms of the price of tenders received and is unlikely to

meet the needs of the Council. Therefore it is proposed to extend the current contracts with two providers whilst the Council undertakes a substantive procurement exercise for future service provision as well as confirm its proposals regarding in-sourcing some elements of the current service.

- 13.2. It should be noted that there is, therefore, some risk to the Council that a challenge to the award of the contracts could come from competitors the Council have not approached to undertake the services. If such a challenge were successful it is likely that the Council would be liable to pay the lost profits of a party who has successfully challenged as well as the costs of bringing such a challenge and potentially a fine from the government for a breach of the Regulations. This should be considered in the decision to approve the award in this Report. It is hoped that this risk can be minimised as the Council has recently commenced a compliant procurement exercise for the appointment of long term providers of the service.
- 13.3. Under Contract Standing Order 4.8 if the total cost of a contract variation, inclusive of the proposed variation, is over £2m approval must be sought from Cabinet Procurement Committee. The aggregate values of the contracts in this Report are over £2m and therefore approval is being sought from Cabinet Procurement Committee.

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

- 14.1 The total value of the contract, including the requested extensions, is above the relevant UK public procurement threshold (Social and Other Specific Services “light touch” regime), and not provided for within the original agreement. Written authorisation from the Director of Legal and Governance is therefore required to proceed with the extensions in accordance with Regulation 72 of the Public Contracts Regulations 2015.
- 14.2 The value of the contract extension sought is above the delegated authority of the Group Director. This may be agreed, in consultation with the Group Director of Finance, if authorised by the Group Director of Legal and Governance. A written report setting out the justification for the variation is presented for approval by Cabinet Procurement Committee in accordance with CSO 4.8
- 14.3 The justification for the extension is the impact of the COVID-19 pandemic which caused delays to the re-procurement exercise during 2020 in terms of both internal resourcing and market ability to respond. A competitive process is now underway with details of the timeline provided.
- 14.4 This proposed extension is not without risk of challenge as the contract has previously been extended without competition. However, the tender process is in progress, with the opportunity available to interested providers to bid for the work. In addition it is noted that, as the subject matter of the contract is

accommodation and support for young people, a change of provider in the interim period could create service delivery risks due to disruption for service users.

## APPENDICES

N/A

## EXEMPT

[Exempt Appendix 1 - Providers, Services and Contract Values](#)  
[Exempt Appendix 2 - Opportunities and Challenges for In Sourcing](#)  
[Exempt Appendix 3- 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

The contents of this report are not confidential.

## 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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