

## For Publication

<b>REPORT TO:</b>	<b>Cabinet Member for Homes and Gateway Services</b>
<b>SUBJECT:</b>	<b>Contract extensions for Hostel Accommodation and Support Services for Ex-Offenders</b>
<b>LEAD OFFICER:</b>	<b>Guy Van Dichele, Executive Director of Health, Well Being and Adults Julia Pitt Director of Gateway</b>
<b>CABINET MEMBER:</b>	<b>Councillor Alison Butler, Cabinet Member for Homes and Gateway Services Councillor Simon Hall, Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>All</b>

### **CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON**

[Corporate Plan for Croydon 2018-2022](#)

This approach supports the following corporate priorities as set out in the Corporate Plan 2018-2022:

**Everybody has the opportunity to work and build their career** - delivering services which provide holistic support for young people and help them into employment, education and support.

**Everyone feels safer in their street, neighborhood and home** – providing specialist support for offenders.

**Locality Matters:** Develop services that are place based and integrated within their local community and tailored to local needs.

### **FINANCIAL IMPACT**

Extending the '*Hostel Accommodation and Support Services for Ex-Offenders*' contract, by way of variation, for 10 months to 30/06/21, at an additional annual cost of £131,560.00, will increase aggregated value of the contract to £828,828.00.

The extension will be made under existing terms and conditions, and budgetary provision is available within the 'Accommodation and Support' budget.

**FORWARD PLAN KEY DECISION REFERENCE NO. Not a key decision**

## **1. RECOMMENDATIONS**

The Leader of the Council has delegated to the Cabinet Member for Homes and Gateway Services in consultation with the Cabinet Member for Finance and Resources the power to make the decision to extend by way of variation in accordance with Regulation 30 of the Council's Tenders and Contracts Regulations:

- 1.1 The 'Hostel Accommodation and Support Services for Ex-Offenders' contract awarded to Home Group for an extension period of 10 months to 30<sup>th</sup> June 2021 at cost of £131,560.00 and a maximum aggregated contract value of £828,828.00.
- 1.2 To note a report detailing commissioning intentions, procurement strategy and any specific arrangements to end current contracts will be presented to Cabinet Member for Families, Health and Social Care, Cabinet Member for Children's, Young People and Learning, Cabinet Member Homes and Gateway Services and the Cabinet Member for Finance and Resources in November.

## **2. EXECUTIVE SUMMARY**

- 2.1 This paper outlines the rationale and seeks approval for extending the current contract arrangements with Home Group by way of variation until 30 June 2021. The Council has a statutory duty to provide support for those at risk of homelessness, as outlined within The Homelessness Reduction Act 2017. The Council must provide access to emergency and temporary accommodation including for ex-offenders at high risk of homelessness.
- 2.2 In order to fulfil the statutory duty the Council has commissioned Home Group to ensure ex-offenders have somewhere to stay on release from prison. Under the terms of the contract, Home Group are required to supply 176 hours weekly of housing related support to male ex-offenders over the age of 21, who have medium to high support needs. This service aims to meet the service users' needs by:
  - Developing a support plan which meets their short and long term goals and aspirations.
  - Promote and achieve wellbeing in relation to mental and physical health.
  - Engage in meaningful day time activities by engage in training and education, have improved work skills and including hobbies/ leisure activities.
  - Maintain healthy relationships by establishing life skills
  - Improve economic wellbeing.
- 2.3 Home Group has provided a satisfactory service over the last few years. The service does meet the KPIs set for a challenging client group. There is a lack

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of flexibility in the service offered and low numbers of people moving on to more independent settings.

- 2.4 This contract has breached Public Contract Regulations by extending beyond the original agreed extension period. While the COVID-19 pandemic has been a contributory factor in a causing commissioning delay to this extension, there has been insufficient oversight on this contract. More contract management resource has now been allocated to undertake a strategic commissioning review across all related contracted provision. Extending the current arrangements will allow full consultation with stakeholders as part of the review. Recommissioning next year will give an opportunity to revisit the service delivered, guarantee the best value for money outcome as well as ensure we are compliant with contract regulations.
- 2.5 There is budgetary provision within the service for this contract will continue but the budget position will be reviewed for next year. The commissioning work on these contracts is urgent and every effort will be made to complete recommissioning work before the recommended extension end date of 30 June 2021 and exit these agreements early. Any housing related support can be commissioned very quickly via the Dynamic Purchasing System set up earlier this year. A commissioning intentions report will go to Contracts and Commissioning Board and be discussed with relevant Cabinet Members by the end of November.
- 2.6 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
01/10/2020	CCB1616/20-21

### 3. DETAIL

#### Background

- 3.1 In 2013/14 the council, in partnership with the Croydon Clinical Commissioning Group, undertook a procurement exercise to establish an Integrated Framework Agreement (IFA) for care, support and health related services. This was designed to enable people to live independently in the community and/or stay within their own homes. The IFA was taken to CCB on 19 June 2014 and taken to Cabinet on the 14<sup>th</sup> July 2014. (KEY DECISION REFERENCE NO.: 1289; CCB APPROVAL REFERENCE NUMBER.: CCB0914/14-15)
- 3.2 The Council developed the IFA to bring together all community based social care services under a single arrangement (organised into specific 'Lots' and 'sub-Lots'). This approach was intended to provide the Council with a more coherent and joined up approach to providing services.

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- 3.3 The original IFA came to an end on the 1 October 2018 however the decision was made to extend the arrangement due to the lack of alternative options. An 18 month extension of the IFA was secured and this allowed the council to fulfil its statutory duties whilst the new Dynamic Purchasing System was being implemented. (KEY DECISION REFERENCE NO.: 2918FR, CCB APPROVAL REFERENCE NUMBER.: CCB1389/18-19). This extension expired on 1 April 2020.
- 3.4 At the time the IFA was taken to cabinet, the total value of spend that fell under the auspices of the framework agreement was £86m over a 4 year period. This comprised of £78m from the Council for social care services and £8m from the CCG specifically for continuing health care services (which has never included any supported housing contracts). Although the Council has retained the option to purchase services outside the framework agreement and has done so to various degrees across all the services.
- 3.5 At the time the IFA was extended, spend by Croydon council (not including the CCG) was an estimated £72,337,496.06 which is under the £78m projected spend. The 18 month extension was expected to add a maximum value of up to £24,861,537.72 and take the aggregated total for the IFA to an estimated £97,199,033.78.
- 3.6 The Hostel Accommodation and Support Services for Ex-Offenders contract, was called off from the IFA in 2017 for an original term of 3 years (1+1+1). The current and last term ended on the 31/03/2020.
- 3.7 In January 2020 a short five month extension by way of direct delegated award was agreed. This was signed and agreed by Julia Pitt on the basis that it would provide a smoother transition and ensure that statutory duties are met while a re-procurement was completed through the new Dynamic Purchasing System.
- 3.8 With a number of similar contracts expiring in the same year it is recommended that the contract would be extended until end of 2021 with this proposed extension to take effect from 1 September 2020. This is to allow all similar contracts to go through a full consultation with stake holders to ensure that services remain fit for purpose and can be redesigned as required and appropriate.

### **The service**

- 3.9 This service contributes to discharge of our duties by providing accommodation and support that prevents and relieves current and future homelessness/rough sleepers by equipping vulnerable homeless individuals with independent living skills and enabling them to move onto independent living. This service is vital for the on-going safety of Croydon residents through the provision of accommodation which includes targeted support for positive move on and life skills for people leaving prison (males 21 years old plus).

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- 3.10 Key statistics in relation to the current service users from the following year are as follows:

Number of new service users	13
Number of open service users (31/3/20)	11
Number of users at risk of homelessness, (figure taken is current residents and residents who have left.	26

- 3.11 As of 24 September there are 9 people on the waiting list for this service. For service users accessing the service. The service can support people for up to one year through tailored support plans to identify and develop their skills to live independently and avoid re-offence. 15 service users left the service last year with 9 supported to move on in a planned way. They offer support in helping to build self-confidence and self-esteem as well as help service users to access specialist support in a number of areas including: mental health, alcohol and substance misuse and support around addressing offending behaviour. The service does meet the KPIs set but there is some risk avoidance and inflexibility from the provider which is being addressed.

### **The Homelessness Reduction Act 2017**

- 3.12 There are three key duties that this Act places upon Local Authorities:

- **Prevention:** Councils must take reasonable steps to either help their residents to stay in their current accommodation or help them to secure new accommodation. All eligible households, regardless of priority need, intentionality, or local connection must be helped by the Council.
- **Relief:** Councils must take reasonable steps to help secure accommodation for any residents who are eligible, regardless of priority need. Residents in priority need are provided with interim accommodation, and the Local Authority must resolve their homelessness.
- **Refer:** Public authorities in England must notify the relevant Local Authority of service users that they believe are either homeless or are at risk of homelessness.

### **The provider**

- 3.13 Home Group is one of the UK's largest Housing Association providers and have been providing housing and integrated housing health and social care for over 80 years. Currently Home Group have 110,000 people living within their 55,000 homes across England and Scotland but do not have any further contracts in Croydon. Home Group do not have any other contracts with Croydon.

### **Rationale for the contract extensions and future commissioning proposal**

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- 3.14 **Service Stability:** Contract such as this should not be extended for such a length of time, delaying the opportunity to revisit the service specification and run a competitive process. By extending the current contract for a period of ten months will provide stability for service users whilst future commissioning intentions are fully discussed and explored. There is also a responsibility to ensure stability of the local supplier during the exit and transition period.
- 3.13 **Fulfil the Statutory requirement:** The current contract has just expired. There is a statutory requirement to ensure Croydon residents have access to the services that are provided. Extending the current contract will enable the Local Authority to fulfil the statutory obligation while commissioning options are reviewed.
- 3.14 **Undertake an options appraisal & needs analysis:** Extending the current arrangement will enable sufficient time to undertake a full options appraisal and needs analysis in relation to the future service delivery. This will not be possible unless the current arrangements are extended particularly when having to consider the continuation of statutory service provision and increase in demand.

### Future Proposal:

- 3.15 Should it be agreed to extend the current individual contracts until 30 June 2021, it will allow sufficient time to undertake the following:
- **By November 2020:** Undertaking of full options appraisal and review of services. Options include open procurement of existing service model, developing a new service model amalgamating existing individual specifications and delivering more service in-house. The commissioning intentions will go to Contracts and Commissioning Board by the end of November. This report will include details about the end of the current contract and how transition arrangements will be managed.
  - **January to March 2021:** Tender process (if applicable) undertaken
  - **March/April 2021:** Appropriate exit and step down arrangements to be put in place for existing contracts
  - **April/May 2021:** Relevant service structures to be in place to manage the proposed in house service and out-sources provision
  - **1 July 2021:** New service(s) go live.

## 4. CONSULTATION

- 4.1 Consultation with key senior stakeholders has taken place including The Head of Homelessness and Housing Need, Single Homeless Service manager and Lead co-ordinator Gateway Rough Sleeping
- 4.2 Stakeholders are in agreement that service delivery needs to be maintained in order to meet statutory duties to accommodate vulnerable people whilst these implications are clarified.

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- 4.3 The current service provider, Home Group, has been consulted and they are agreeable to the 10-month extension of the above mentioned individual contract.
- 4.4 Further consultation will form part of the re-commissioning of the contracts in the future. This will include market engagement and consultation with all stakeholders. This will be discussed further in the commissioning intentions.

## 5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

### Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2020/21 £'000	2021/22 £'000	2022/3 £'000	2023/24 £'000
<b>Revenue Budget available</b>				
Expenditure	92	39	N/A	N/A
Income				
<b>Effect of decision from report</b>				
Expenditure	92	39		
Income	N/A	N/A		
<b>Remaining budget</b>	0	0		

### The effect of the decision

- 5.1 The proposal is for the existing contract to be extended for 10 months by way of variation. This will be in line with the Council's standard terms and conditions that are currently in place for each separate service.
- 5.2 The service has budget available for the continuation of the current individual contracts within the Supported Accommodation budget in the Gateway Service Improvement department.
- 5.3 There is no impact upon service delivery as a result of implementing the proposed extension.
- 5.4 Home Group support the proposed extension for a period of up to 10 months.

### Risks

- 5.5 The following risks have been identified and are being actively managed within the service:

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Risk	Mitigation
Risk that the services do not deliver	<p>The contract is rigorously monitored with challenging standards, targets and performance indicators that should mitigate against non-delivery.</p> <p>Performance will continue to be monitored during the extension period and the potential exit process.</p>
Risk of challenge from another supplier	<p>Officers recognise that the current proposals are not compliant with Public Contracting Regulation 72. There is therefore a potential risk of challenge from suppliers, however, this is deemed relatively low given the duration and value of the proposed extension.</p> <p>The COVID-19 pandemic, and the activity that ensued meant that the timely work that was supposed to be completed for March 2020 was not completed in time, however it also has afforded some flexibility around procurement regulations.</p> <p>In any event, following the expiry of the proposed extension period the aim is to either bring the service in house, or to retender via an open procurement exercise that will help mitigate any potential risk.</p> <p>Should the service be retendered then there is a current DPS that could potentially have an additional lot added. Should this be the case then services can be recommissioned quickly via this approach.</p> <p>The service will begin engaging with the market in the coming months and options will be fully explored in subsequent RP1 &amp; RP2 reports.</p>

## Options

5.6 The following options have been considered and rejected. Please refer to section 12 within this report for further detail.

- Don't extend the current contract: **Rejected**
- Immediately re procure the service : **Rejected**
- Extend the individual contracts with the incumbent provider: **Recommended**

## Future savings/efficiencies

5.7 The extension will allow for a review of the services and re-alignment to meet statutory obligations, and changing need as well as address the issues. The review will also take into account opportunities for future savings/efficiencies by look at synergies with similar contracts also expiring in 2021.

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- 5.8 The most severe extent of homelessness or rough sleeping can cost up to £20,000 per person per year. (At What Cost, Crisis 2015).
- 5.9 Future savings and/or efficiencies will be considered fully as part of the commissioning process for the future service provision from the expiry of this current contracts.
- 5.10 The RP1 'Make or Buy' report at that stage will explore the options to secure the future provision to ensure that the Council is achieving the best Value for Money from a new service to be in place from the expiration of these proposed extensions.

Approved by: Sarah Attwood on behalf of Josephine Lyseight, Head of Finance (Health, Wellbeing and Adults)

## **6. LEGAL CONSIDERATIONS**

- 6.1 The legal considerations are as set out within this report.

Approved by Kiri Bailey, on behalf of Sean Murphy, Director of Law and Governance.

## **7. HUMAN RESOURCES IMPACT**

- 7.1 There is no Human Resources impact as a result of this report as the current services will be awarded on existing terms and conditions to the incumbent providers for 10 months. If any issues arise these will be managed under the Council's policies and procedures.

Approved by: Deborah Calliste, Head of HR for Health, Wellbeing and Adults on behalf of the Director of Human Resources

## **8. EQUALITIES IMPACT**

- 8.1 A full EIA for the IFA was previously carried out prior to the tender in 2014. At the time, the award of this contract was deemed to enable service users to live more fulfilling independent lives and would incorporate an outcomes based approach so that providers are focused on the achievement of goals for service users rather than creating dependency.
- 8.2 As a full equalities impact assessment was completed in 2014 prior to tender and as any call off or extension would be a continuation of the same T&C's with the same providers, no new assessment is required.
- 8.3 A revised EA will be completed as part of the project to re-procure the same contracts at the later date referenced in the report. Renewed/re-procured

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contracts will include equalities clauses/requirements to ensure providers are supporting the council to meet the public sector equality duty.

- 8.4 We will ensure further consultation is accessible and includes all service users to ensure that services remain fit for purpose and can be redesigned as required and appropriate for all. Any equality and inclusion issues and findings will be incorporated and addressed in the revised EA.

Approved by: Yvonne Okiyo, Equalities Manager

## 9. ENVIRONMENTAL IMPACT

- 9.1 It is considered that there are no increased or decreased environmental sustainability impacts, from the proposed contract extension contained in this report.

## 10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 It is considered that there are no increased or decreased crime & disorder impacts, from the proposed contract extension contained in this report.

## 11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The proposed recommendation seeks to continue the Council's statutory duties to prevent and relieve homelessness and to ensure that the future service is fit for purpose.
- 11.2 The recommendations in this report allow for stability of current service delivery whilst enabling a robust, high quality commissioning strategy to be developed and implemented in relation to the future commissioning intentions.

## 12. OPTIONS CONSIDERED AND REJECTED

- 12.1 Options considered for each of the individual contracts are as follows,
- **'Do nothing'**: The current individual contract would come to its natural conclusion, and there would be no future contract costs. However the Council will retain a statutory duty to provide access to this provision. The short timescale to manage this transition risks delivery of a reduced service to vulnerable adults, a risk of failure to meet the Council's statutory duties and failure to safeguard vulnerable adults. The likely consequence would be increased emergency accommodation, and an increase in "revolving door" homelessness and rough sleeping.
  - **Re-procuring the services for 12 months**: The process of re-procuring the service through a competitive tender exercise would extend beyond the existing contract end date. Given the time constraints this will have a similar

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impact as described in Option 1

- **Extend the individual contracts with the incumbent provider for 10 months via contract variation:** This is the recommended option, allowing for continuation of service, discharge of statutory duties and a period of time to consider recommendations and reconfigure/re-align services in order to better meet the needs of Croydon residents.

### 13. DATA PROTECTION IMPLICATIONS

#### 13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

Yes

#### 13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

Yes

Approved by Julia Pitt – Director for Gateway Services

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<b>CONTACT OFFICER:</b>	Rebecca Clews, Lead Coordinator ext. 62411
<b>APPENDICES TO THIS REPORT:</b>	None
<b>BACKGROUND DOCUMENTS:</b>	None