

Contracts & Commissioning Board (CCB)

Contract Variation Report

Date of meeting	25/02/2021
By	Paul Connolly – Strategic Category Manager
Title	The Young Person & Care Leavers Service – Contract Extension
Project Sponsor	Julia Pitt - Director of Gateway Services
Executive Director	Alison Knight – ED Housing
Lead Member	Cllr Hay–Justice - Cabinet Member for Homes & Gateway Services
Key Decision	1020H

1. Recommendations

The Cabinet Member for Resources and Financial Governance in consultation with the Leader is recommended to approve (in accordance with Regulation 30 of the Council's Tenders and Contracts Regulations):

1. An extension by way of variation of 'The Young Person & Care Leavers Service' contract awarded to CAYSH for an extension period of 3 months to 30th September 2021 at a cost of £136,250.00 for a maximum aggregated contract value of £4,819,463.00

2. Background & strategic context

The below report will look to demonstrate that extending the Young Person & Care Leavers Service for a further 3 months to 30th September 2021 at a cost of £136,250.00 for a maximum aggregated contract value of £4,819,463.00 is needed to allow the commissioning teams to implement the Dynamic Purchasing System for Independent Living and Supported Housing new lot, specifically Lot 3 which contains providers that are specific to Young People Accommodation Support Services.

Once this DPS 3 Lot 3 has cleared all relevant governance and becomes operational the commissioning team will look to execute the short term recommissioning programme, as outlined below, and re-procure the service in its entirety for a maximum length of two years. This 2 year (1+1) contract will afford the council enough time to create a Temporary Accommodation strategy, followed by Supported Housing strategy which will allow the commissioners to implement a long term sustainable option.

BACKGROUND

The Council has a statutory duty to support a wide range of Croydon residents who are either homeless or at risk of homelessness as outlined in the Homelessness Reduction Act 2017. To meet this requirement the council uses a number of supported housing services. 'Supported housing' is defined as any housing scheme where housing, support and sometimes care services are provided as an integrated package. This can include support with health needs, including mental health, drug and alcohol use, managing benefits and debt, developing daily living skills and accessing education, training and employment.

Specifically to the contract in question, the council has a statutory duty to support a wide range of Croydon residents who are either homeless or at risk of homelessness from the ages of 16 to 24 as outlined in the Homelessness Reduction Act 2017. In order to fulfil this duty, the Council has commissioned 'The Young Person & Care Leavers Service' currently provided by CAYSH. A service providing accommodation based support, floating housing related and restoring families' support for young people aged 16 – 24, commissioned by Gateway Services.

The Young Person & Care Leavers Service supports a wide range of Croydon residents who are homeless from the ages of 16 to 24. Support can either be directly provided through, for example, sourcing new accommodation or indirectly provided via information, advice and support.

There are a number of key reasons why this particular cohort becomes homeless or at risk of homelessness within Croydon:

- Parental evictions

- Conflicts with the family
- Parents facing financial difficulties
- Parental support needs
- Care Leavers, who have no supportive family

Original procurement and previous extensions

The original service was procured in 2013 for an original term of 4 years (3+1) at a value of £2,493,600. The service was subsequently extended through the Integrated Framework Agreement (IFA) until the 31st of March 2020 which increased the aggregated value to £3,974,175.00.

A further extension, outside the terms of the IFA, was completed by way of variation and was taken through all appropriate governance in November 2020, for a total extension 15 months. This extension increase the aggregated value to £4,683,213.00 and changed the end date from 31st of March 2020 to the 30th of June 2021.

The Provider

Established in 1981, CAYSH is a London-based charity delivering accommodation, advice and support services for young people facing homelessness. They deliver a number of contracts in Croydon including Turnaround Centre Drop-in Zone, 1st Base and Supported Accommodation and the Young Offender Housing Support Service. These contracts have been operating for a similar length of time and the intention is to also extend till June 2021. CAYSH provides a safe place to stay for more than 250 young people who would otherwise be homeless every night. They also provide advice and guidance to thousands more facing homelessness and other challenges.

The Service

The accommodation based service discharges the Council's duty to relieve homelessness and is provided to children and young people aged 16-24. The service has 74 units for accommodation based housing related support and 35 units of housing related floating support. Floating support assists young people to sustain independent tenancies. The accommodation provided by the service is not council owned, but is provided by the service provider. The service works with families and carers to enable young people to remain in, or return to the family home and is commissioned to carry a caseload of 29 young people at any one time.

The overall aim of the Young People and Care Leavers' service is to:

- Prevent and relieve youth homelessness
- Assess and refer to suitable alternative housing, including returning to families
- Support young people to live independently
- Ensure young people are engaged in meaningful daytime activities
- Work in partnership with statutory and non-statutory organisations, families and key persons to maintain the wellbeing of the young person
- Enable young person to move on from the service in a planned way, within two years.

STRATEGIC CONTEXT

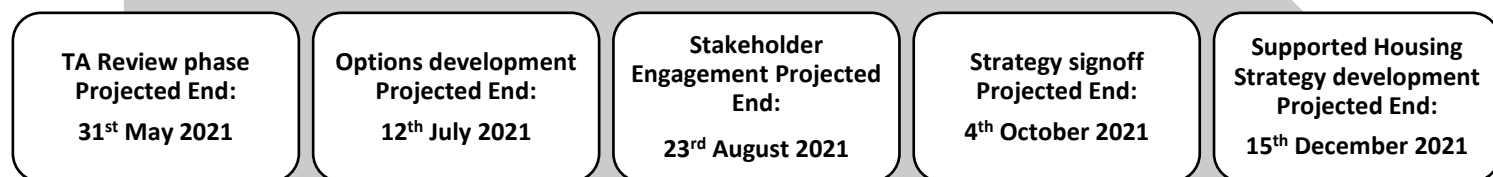
Direction of travel

A review of the Supported housing contracts, off contract purchases and processes has highlighted the need for a single unified supported housing commissioning strategy that aligns with the Temporary Housing strategy. These refreshed and aligned strategies will seek to address the issues highlighted in the review which include:

- a) Demand management
- b) Step down
- c) Reduction in non-statutory spend
- d) Contract management -

As stated above the new supported housing strategy will require the Temporary Accommodation strategy to be completed first. However The single homelessness team, who manage the demand, have 45% of their total annual demand for supported housing met by 21 different contracts of which 11 are currently up for re-procurement in 2021, with no option to extend.

Therefore it has been agreed by internal stakeholders that a short term recommissioning programme would be put in place to provide the teams with the ability to meet demand while these strategies are created. The estimated timeline for the competition of the Temporary Accommodation (TA) and Supported Housing (SH) strategies are as follows.



Rationale for the contract extension

Service Stability: Extending the current contracts for a period of 3 months will provide stability for service users whilst allowing the commissioning teams to implement the Dynamic Purchasing System for Independent Living and Supported Housing new lot, specifically Lot 3 which contains providers that are specific to Young People Accommodation Support Services.

Fulfil the Statutory requirement: There is a statutory requirement to ensure Croydon residents have access to the services that are provided. Extending the current contracts will enable the council to continue to contract with CAYSH to fulfil the statutory obligation.

Strive towards outstanding: During the last Ofsted inspection (February 2020) it was identified that services for homeless 16-17 years olds are significantly underdeveloped and results in poor experiences for young people. Whilst steps have been taken to address individual issues there is work to be done to ensure greater oversight and strategic direction. Extending the current arrangements will allow time to appropriately plan and implement new arrangements to address these issues as we continue the journey to become outstanding. This service is one of a number of services being reviewed together with the aim of insuring care leavers are supported while the service provides value for money.

3. Financial implications

Details	Internal		Period of funding	External		Period of funding
	Capital	Revenue		Capital	Revenue	
Original Contract Value		£2,493,600.00	01 April 2013 31 March 2017			
Cost of contract after first extension		£3,974,175.00	01 April 2017 31 March 2020			
Cost of contract after second extension		£4,683,213.00	01 April 2013 30 June 2021			
Cost of proposed variation		£136,250.00	1 July 2021 30 Sept 2021			
Total Aggregated value to date		£4,819,463.00	30 March 2013 30 Sept 2021			

Costs of original procurement and previous extensions

As stated above, the original service was procured in 2013 for an original term of 4 years (3+1) at a value of £2,493,600. The service was subsequently extended through the Integrated Framework Agreement (IFA) outside of this term with the latest IFA extension ending on 31st of March 2020.

The most recent extension, occurred after the Integrated Framework Agreement came to an end. As such the contract was extended by way of variation and was taken through all appropriate governance In November 2020,

for a further 15 months. This extension will added an additional cost of £709,037 and increase the aggregated value from £3,974,175.00 to £4,683,213.00 and changed the end date from 31st of March 2020 to the 30th of June 2021.

The effect of the decision

As stated above, the proposal is to extend 'The Young Person & Care Leavers Service' contract awarded to CAYSH as follows:

- 3 months to 30th September 2021 at a cost of £136,250.00 for a maximum aggregated contract value of £4,819,463.00

The proposed 3 month extension of this contract does not exceed the available budget for 2021/22, as can be seen below.

Provider	Total contract value	Cost for 21-22	Budget 2021-22	Cost centre	Service
CAYSH - Young People & Care Leavers	£4,683,213.00	£272,500	£567,230	C13720	gateway

It should be noted that the remaining budget cannot be used for savings as this service will need to be re-procured.

Section 114 Essential Spend

The requirement is considered to meet the essential spend criteria in accordance with S115(6A) of the Local Government Finance Act:

- *Expenditure to prevent the financial situation getting worse*

This is because the Council has statutory duties to prevent and relive homelessness under the Homelessness Prevention Act and must fulfil these duties.

Furthermore, this meets the finance criteria for essential spend, as follows:

- *expenditure required to deliver the councils statutory services at a minimum possible level*
- *urgent expenditure to safeguard vulnerable residents*

expenditure through ring fenced grants

4. Supporting information

CONTRACT PERFORMANCE

The numbers of people supported/at risk in 2019/20 are in the table below:

Number of new service users	148
Number of open or repeat service users	211
Number of users at risk of homelessness	293
Number of users receiving advice/support (not homeless/at risk)	60
Current Care Leavers (age 17) who may require support in the future	163

The service performs well in terms of sustaining tenancies. It does not consistently meet KPIs in terms of 'move-on' of service users though this is not unique for providers delivering this service because of Local Housing Allowance restrictions.

The Local Authority has a statutory duty to support these residents as outlined within the Homelessness Reduction Act 2017 so not delivering a service is not an option and continuing this contract with CAYSH represents the best short term option.

PROPOSED EXTENSION VALUE & TERM

As stated above, the request is to extend, by way of variation in accordance with Regulation 30 of the Council's Tenders and Contracts Regulations, the 'Young Person & Care Leavers Service' previously awarded to CAYSH for an extension period of 3 months to 30th September 2021 at an additional cost of £136,250.00 for a maximum

aggregated contract value of £4,819,463.00. This new total aggregated value of the contract equates to a 193.27% increase in aggregated value since the start of the contract.

LEGAL CONSIDERATIONS

During the recent Ofsted inspection (February 2020) it was identified that services for homeless 16-17 year olds are significantly underdeveloped and result in poor experiences for young people. By extending the current arrangements, it will allow time to appropriately plan and implement new strategic arrangements in order to address the identified issues. An extension will also enable the Council to fulfil the statutory obligation (prevent and relieve homelessness) whilst minimising service disruption. Ratification of this extension has been delayed by a contract backlog during COVID, with resources concentrated and supporting the care provider market as much as possible during the first peak.

OPTIONS CONSIDERED AND REJECTED

Options considered for the contract are as follows:

- **'Do Nothing'**: The current contract would come to their natural conclusion, and there would be no bridging service between the old and new services. The Council will retain a statutory duty to provide advice on the prevention of homelessness, and to assess its statutory duties within children's and homelessness legislation. The short timescale to manage this transition risks delivery of a reduced service to vulnerable children and young people, a risk of failure to meet the Council's statutory duties and failure to safeguard vulnerable young people
- **Re-procuring the services for 3 months**: The process of re-procuring the service through a competitive tender exercise would extend the service beyond the existing contract end date. Given the time constraints this will have a similar impact as described in Option 1.
- **Extend the contract with the incumbent provider for 3 months via contract variation**: This is the recommended option which would allow for the continuation of the service, the discharge of statutory duties, and a period of time to consider recommendations/re-align services to better meet the needs of Croydon residents.

Consultation

Consultation with key senior stakeholders has taken place including the Head of Homelessness and Housing Need, Single Homeless Service manager, Gateway Leader Co-ordinator for Rough Sleeping, Executive Director for Children, Families and Education, Head of SPOC and Assessments and Head of Adolescent Services. Stakeholders are in agreement that service delivery needs to be maintained in order to meet statutory duties to accommodate vulnerable young people whilst these implications are clarified.

The current service provider, CAYSH has been consulted and they are agreeable to the 3 month extension.

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.

Risks

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

Risk	Mitigation
Risk that the services do not deliver	<p>The contract is monitored with standards, targets and performance indicators that should mitigate against non-delivery. Performance will continue to be monitored during the extension period and the potential exit process.</p> <p>A 3 month break clause is already included within the contract, which will allow the Council to terminate</p>

	services prior to the expiry of the requested extension should this be required.
Risk of challenge from another supplier	<p>Officers recognise that the current proposals are not compliant with the Public Contracts Regulations 2015 and the multiple extensions are unlikely to be in line with the original framework agreement. 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>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>The service will begin engaging with the market in the coming months and options will be fully explored in subsequent RP2 reports.</p>
Council staffing & resources	There is some risk to completing the options appraisal, review and insourcing proposals within the extended timeframe as this will impact two statutory services. There is currently insufficient resource within Gateway to deliver future proposals. This will require project management, alignment, a clear strategic direction and a commitment from both services to resource the project appropriately.
Slippage in timescales, leading to a further extension being required	There is now an identified officer who will oversee the re-procurement of the services required to meet the needs of adults. This will be managed within the Commissioning and Procurement division.

FUTURE COMMISSIONING PLAN AND TIMESCALES

As stated above, long term contracting arrangements cannot be completed without a long term supported housing strategy which will require a new Temporary Accommodation strategy to be completed. Therefore it has been agreed that a short term recommissioning programme would be put in place to provide the teams with the ability to meet demand while these strategies are created.

The following is an indicative timetable for carrying out the implementation of phase one of the Short Term Recommissioning Programme, as detailed above.

Activity	Proposed completion Date
CCB – RP2	27 th May 2021
Specification and Procurement Documents finalised	27 th May 2021
Market engagement and consultation	6 th June 2021
Publish Notices (4 Weeks)	29 th June 2021
Evaluation	26 th July 2021

CCB – RP3	10 th August 2021
TUPE and service transfer	30 th September 2021

5. Conclusion and reasons for recommendations

As stated above, this report has looked to detail the current Young Person & Care Leavers Service, its demand and the council's statutory duties. This report has outlined the need as well as the rationale for a short term recommissioning programme and seeks approval to extend The Young Person & Care Leavers Service.

It is therefore recommended that CCB recommend to the Cabinet Member for Resources and Financial Governance in consultation with the Leader to extend by way of variation in accordance with Regulation 30 of the Council's Tenders and Contracts Regulations the 'Young Person & Care Leavers Service' contract in accordance with the Regulation 30 of the Council's Tenders and Contracts Regulations awarded to CAYSH for an extension period of 3 months to 30th September 2021 at a cost of £136,250.00 for a maximum aggregated contract value of £4,819,463.00

6. Outcome and approvals

CCB outcome	Date agreed	
<i>Approved</i>	ED Alison Knight	26/05/2021
	Cabinet Member for Finance & Resources	25/05/2021
	Finance	10/05/2021
	Legal	13/04/2021
	leader of the council	25/05/2021
	CCB	<i>CCB1686/21-22 27/05/2021</i>

7. Comments of the Council Solicitor

Key legal considerations are addressed in the report.

Approved by Sonia Likhari, Solicitor, on behalf of the Director of Law and Governance

8. Chief Finance Officer comments on the financial implications

The budget is available as stated for this extension within the Gateway Directorate. Longer term financial implications will be addressed by the Temporary Accommodation strategy

Approved by Sarah Attwood on behalf of the Chief Finance Officer