

Report of: Executive Member, Health and Social Care

Meeting of:	Date	Ward(s)
Executive	28 September 2017	All

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SUBJECT: Procurement Strategy for Supported Accommodation for Young People

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy for Islington’s Supported Accommodation for Young People in accordance with Rule 2.5 of the Council’s Procurement Rules.

Supported Accommodation for Young People refers to accommodation and support for young homeless people who are aged 16-21 and assessed as vulnerable by the Children in Need service. This includes Children Looked After aged 16-17; Care Leavers aged 18-21; and homeless young people aged 16-21.

We seek to commission a range of accommodation that will create a structured Pathway, comprising of “Assessment” and “Progression” properties.

Assessment properties will provide intensive, 24-hour support and assess the needs and wants of young people accessing the pathway. Progression properties will comprise of a mixture of 24-hour and visiting support depending on needs and will aim to work with young people to prepare them for independent living, be this in the private rented sector or social housing. Both stages of the pathway will be resident-led and work to build on young people’s strengths and goals.

The aim of the two-tiered Pathway will be to create a structured journey for young people accessing the service, whereby support tapers off as young people build their independent living skills.

2. Recommendations

- 2.1 To approve the procurement strategy for Supported Accommodation for Young People as outlined in this report.
- 2.2 To delegate authority to award the contract to the Corporate Director for Housing and Adult Social

Services, in consultation with the Corporate Director of Children's Services and the Executive Member for Health and Adult Social Care.

3. Background

3.1 The Housing Pathway will provide accommodation-based support to young people. The primary purpose of this provision will be to prepare young people for independent living by building up their skills and resilience in areas such as payment of bills; cooking; CV writing; education, employment or training; and attendance at appointments.

In addition we seek to commission providers who are able to provide a good service in a Psychologically Informed Environment (PIE) ¹ enabling young people to better understand the relationship between their emotions and behaviours in a nurturing rather than a transactional setting. Our indicative understanding of the expected practices and processes related to PIE includes but is not limited to reflective practice amongst staff; training for staff based around understanding psychological frameworks (e.g. social pedagogy), trauma and vicarious trauma; strengths-based assessments and communications; and considerations of the physical environment and its effect on aspects like engagement, wellbeing and behaviour.

Young people referred to this accommodation will have a range of support needs including but not limited to abuse and neglect; attachment disorder; education employment and training needs; family dysfunction; gang affiliation; a learning disability or difficulty; mental health needs; offending; substance misuse; and trauma.

A review of the Housing Pathway and wider system (e.g. relationships and processes between providers and the Council) took place between September 2016 and February 2017. The review has informed commissioning intentions.

- In particular, there is a need for accommodation to be more psychologically informed and for providers to begin to or continue to embed aspects of Psychologically Informed Environments (PIEs), an emerging mode of provision originating in homelessness services.
- In addition, the review recommended an increased budgetary contribution into the borough's Supported Accommodation for Young People. Children's Services have agreed to contribute £466,000 to the annual budget for this provision to increase the number of beds available on the guaranteed volume contract or Housing Pathway.

The above ideas – forming indicative commissioning intentions – have been relayed to and discussed with the market via a market engagement event held on 6 April 2017. This was attended by 30 providers.

The specification for the new service model will be co-produced with a wide range of stakeholders including Children's Services, the market providers, and current and former clients of the service.

We aim to procure our guaranteed volume Housing Pathway in 2 Lots. When tendering, these Lots will be broken down into sub-lots (e.g. Lot 1a, Lot 1b). Each sub-Lot will specify the indicative amount of beds required, other specifications for the property (e.g. office space, garden, self-contained flats / bedsits) and whether or not providers will need to source their own accommodation for the sub-lot.

Providers will be allowed to apply for numerous sub-lots and for multiple Lots. The aim of this approach is to encourage greater competition amongst providers, allowing smaller providers who may have less substantial property stock to apply as well as larger providers who will have a greater amount of property at their disposal.

¹ According to Robin Johnson in DCLG's Good Practice Guide (2012), a PIE is provision "that takes into account the psychological make-up – the thinking, emotions, personalities and past experience – of its participants in the way it operates".

In more detail these Lots will comprise of:

Lot 1: Assessment

- Estimated 44 beds.
- 24hr cover.
- High support

Lot 2: Progression

- Estimated 68 beds.
- Mixture of visiting and 24hr support / cover.
- Core-cluster² model.
- Multiple providers preferred.
- Will include in-borough and out-of-borough options if possible.

The total maximum value for both lots will be £1,497,031 per year. Over a maximum period of six years the maximum contract value is £8,982,186.

- 3.2 The estimated maximum value of the guaranteed volume commission (i.e. Lots 1 and 2) will be £8,982,186 over a maximum six-year period. This is based on a maximum cost of £1,497,031. The initial contract duration will be for a period of three years from 1 April 2018.

There will be an option to extend the contract for a further period of one year on three separate occasions. Total contract duration will be six years.

Funding will come primarily from the Prevention Commissioning budget with the aforementioned additional funds provided by Children's Services (annual amount £466,000).

The maximum annual value of the Housing Pathway will be over and above that of the current contract, reflecting recommendations from the review carried out by Prevention Commissioning, and of an options appraisal completed at Children's Services.

Potential impacts if a percentage reduction in budget is required during the life of the contract include staffing, bed-space and quality issues, and a subsequent weakening of the service offer available to vulnerable and needy young people in the borough, many of whom we have a statutory duty to accommodate.

Benchmarking has revealed that spend on the Housing Pathway and Assessment Centre is in line with other boroughs. That said, we spend significantly less than Camden (approx. £5.4m annual budget) and our demand is higher than most other London boroughs taking into account the higher proportion of Children Looked After, Care Leavers and young people going into care later in their adolescence (e.g. 'Southwark ruling'³ cases).

- 3.3 The date for the decision to approve the procurement strategy is included in the forward plan of key decisions. Subsequent internal governance takes the form of sign-off from the Executive in September 2017.

The contracts are due to be advertised on OJEU in October 2017, with approval to award the contract scheduled for December 2017.

² In a core-cluster model, a staffed accommodation unit with an office on-site provides support for a number of satellite properties for people of a similar client group needing less intensive support from the provider.

³ The Southwark ruling, made by the Law Lords in May 2009, is a piece of case law that obliges Children's Services to provide accommodation and support to homeless 16- and 17-year-olds. In an Islington context the result of this ruling has been a greater number of young people being put into Council-provided accommodation following s20 of the Children Act 1989.

The current guaranteed volume contracts expire on 31 March 2018, meaning that the new contract must be in place for a start date of 1 April 2018.

We have thus far consulted with commissioners in other teams at Strategy and Commissioning, several Children’s Services teams, young people and providers.

3.4 Options appraisal

Options	Benefits	Drawbacks
Reducing spend on our supported accommodation for young people in order to make savings	Savings generated for Housing and Adult Social Services.	Risk of reputational damage for the Council Higher risk of needs not being met Potential risk of not undertaking statutory duties
Re-procuring the service in its current form.	Consistency for service users Consistency for commissioners	A service model which is not fit for purpose Escalating need/lack of resources
Separately developing Framework Agreement with several providers offering more niche support packages to supplement and/or supplant more generalist semi-independent accommodation currently on offer.	Potential for a wide variety of providers to meet a variety of needs e.g. out of borough, mental health, young mothers, GLD, high functioning Autism Following direction of travel of other London boroughs’ recent procurements (i.e. commissioning a contractual framework for spot purchased providers). More control over spend, monitoring, minimum standards.	Lack of available funding to properly source this Does not completely remove costs spiralling as providers will not be tied down to blocks but will offer preferential rates Un-tested market (currently) as contract currently delivered in block (with lots) – though benchmarking has shown London boroughs are working with contractual frameworks.
Commissioning a new service with the express focus on working with providers willing to embed aspects of PIEs.	Bridging the expectation gaps – ensuring that supported accommodation for young people is nurturing and not transactional Organisational improvements (e.g. reduction in staff absence and burnout) Improved outcomes Reduction in incidents	Issues of training – e.g. who co-ordinates, where funding will come from Relatively un-tested model in this specific area (i.e. young people’s supported accommodation)
Increasing the budget for this provision to provide a greater number of beds and support staff.	‘Invest to save’ approach has potential to create savings at Children’s Services, owing to a reduction in spot purchased spend (as a greater number of beds will be available from the guaranteed volume provision). A greater number of Islington residents supported by provision that is formally and actively monitored by the Council’s commissioning and Children’s Services teams.	‘Invest to save’ model will not necessarily make savings. Market will require further testing and engagement to ensure that property is available for a greater number of beds to be commissioned.

After conducting the aforementioned analysis and engagement, we have come to the conclusion that the final three options are preferred.

3.5 Social value will be intrinsic in several quality-based questions within the tender. In order to derive the maximum social benefit from the contract, bidders will be asked to set out in response to each question what they can offer e.g. apprenticeships, links with other providers and provisions, opportunities for further EET opportunities.

There will be TUPE implications to this contract.

There is a risk of a failed procurement through both lack of market interest and more likely through a lack of properties available for providers to provide support from. Market Testing, Market Engagement and Meet the Buyers events have been held and/or planned in order to mitigate against both eventualities, and outside of these larger events the Prevention Commissioning team is systematically contacting the borough’s landlords to gauge properties available and willingness to provide spaces for young people’s supported accommodation.

3.6 The tender will be conducted in one stage, known as the Open Procedure as the tender is ‘open’ to all organisations who expression their interest in the tender. The Open Procedure includes minimum requirements which the organisation must achieve before their evaluation Award Criteria is considered.

Bids will be assessed on the basis of 60% quality and 40% cost. The breakdown of both quality and

price will differ from Lot to Lot – these differences are outlined below.

Providers will work with young people who are vulnerable, have multiple needs and have often experienced trauma in their lives. Therefore, safeguarding and the provision of a nurturing and psychologically informed environment will be key considerations.

We will seek to involve Children’s Services and young people in evaluation processes. The interview will consist of a set of questions intended to offer an opportunity for providers to elaborate on responses given in written submission. This will particularly focus on the implementation and mobilisation of the service, and a request for case studies to illuminate and add to evaluators’ understanding of providers’ organisational ethos and processes.

Cost 40%

Quality 60%

- Design and delivery of service to achieve desired outcomes, timescales, objectives for each of the client types accessing the service (15%)
- Safeguarding and minimising risk (15%)
- Implementation and mobilisation (10%)
- Working in partnership with local and national organisations (10%)
- Gathering of performance and outcomes data (5%)
- Engagement with service users (5%)

3.7 There are a number of risks attached to this commission. They include:

Risk	Mitigation
Providers will not find the service model organisationally and/or financially attractive	We have recently conducted a market engagement exercise that was well attended. We intend to carry out further exercises (e.g. focus groups, Meet the Buyer event) and to have open lines in communication with providers in the interim, ensuring that the spec is both co-produced and a viable, working and realistic document.
Providers being precluded from the opportunity to apply for the tender as they do not have access to properties in which they can run the service, either through ownership or management agreement with a landlord	We are working to ensure that Providers have the best opportunity possible to source landlords for this re-procurement. This includes a Market Test conducted in December 2016, and a Meet the Buyer event we plan to hold in September 2017. In addition, we will be systematically contacting relevant landlords in the borough to explore their capacity and willingness to work with providers and this specific cohort.
Providers’ unwillingness to embed practices and principles of PIE in their services	We are actively working with providers – both commissioned and prospective – to gain a shared understanding of what we mean by a PIE. This includes conducting a Market Engagement exercise, further focus groups, and exploring opportunities in which the Council could co-ordinate training in this area. Moreover, should the service be commissioned in this manner we aim to create PIE Practice Groups, giving an opportunity for our PIE services across the Council to reflect on their practices and discuss common issues and experiences
TUPE implications	TUPE is likely to apply as this is an existing service. Time should be factored into the mobilisation period as there are 3 current providers for this service

3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use,

sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board

3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	Supported Accommodation for young people See paragraph 4.1
2 Estimated value	The estimated value per year of guaranteed volume contracts is £1,497,031. The agreement is proposed to run for a period of 3 years with an optional extension of 3 x 1 years. See paragraph 4.2
3 Timetable	Advert: October 2017 Shortlisting: November-December 2017 Award: December 2017 Implementation: January 2018 – March 2018 Mobilisation: April 2018 See paragraph 4.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Work on this provision has recently included an audit of most providers, a review of the service and the wider system in which operates, and a Market Engagement event. These have thus far guided our options and choices, and we will continue to engage with relevant stakeholders during the writing of the specification. See paragraph 4.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Social value will be intrinsic in all quality criteria, and LLW will be a condition of the contract. There are considerable TUPE implications to this contract See paragraph 4.5
6 Evaluation criteria	Bids will be assessed on the basis of 60% quality and 40% cost. For a breakdown, see 4.6
7 Any business risks associated with entering the contract	See paragraph 4.7

8 Any other relevant financial, legal or other considerations.	See paragraph 5
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4. Implications

4.1 Financial implications:

The existing HASS Supported Accommodation services for young people are funded from the Adult Social Services base budget and the current contract value is £1.031m.

The maximum annual contract value of the proposed procurement is £1.497m including £70k for developing psychologically informed environments and the maximum annual contribution from AdSS is £1.031m. Therefore, the proposed procurement strategy will not result in a budget pressure for Adults Social Services.

The contract is for an initial period of three years, with the option to extend for a further three years (of separate twelve month periods). The total value over the maximum six-year contract term is £8.982m and the total value of the AdSS contribution over the maximum six-year term is £6.186m.

Payment of the London Living Wage is a requirement of the contract and will not result in any additional costs. Any TUPE cost implications that may arise from this tender will have to be met by existing resources outlined above.

The £466k contribution from Children Services for 27 beds is approved based on the cost being significantly lower than the cost of external suppliers. However, the Commissioners must ensure we are not penalised by existing supplies when we transfer provisions from the 1st April 2018.

4.2 Legal Implications:

The Council has power to provide supported accommodation for vulnerable young people under the Housing Act 1996, Parts 6 and 7 and the Children Act 1989, sections 17 and 20. The council may enter into contracts with providers of such services under section 1 of the Local Government (Contracts) Act 1997.

The services being procured are subject to the light touch regime set out in Regulations 74 to 77 of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of this light touch regime is currently £589,148.00. The value of the proposed contracts is above this threshold. It will therefore need to be advertised in the Official Journal of the European Union (OJEU). There are no prescribed procurement processes under the light touch regime. Therefore the council may use its discretion as to how it conducts the procurement process provided that it: discharges its duty to comply with the Treaty principles of equal treatment, non-discrimination and fair competition; conducts the procurement in conformance with the information that it provides in the OJEU advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Following the procurement a contract award notice is required to be published in OJEU. The council's Procurement Rules require light touch contracts over the value of £500,00.00 to be subject to competitive tender.

In compliance with the requirements of the light touch regime in the Regulations and the council's Procurement Rules the proposal outlined in the report is to advertise a call for competition in OJEU and procure the service using a competitive tender process. On completion of the procurement the contract may be awarded as required to the highest scoring tenderer subject to the tender providing value for money for the council.

4.3 Environmental Implications

The provision of supported accommodation for young people has environmental implications in line with those of standard residential properties, namely energy and water use, waste generation, chemical use

for cleaning and some resource use in building maintenance. There may also be some transport-related implications from the accommodation staff. These can be mitigated by contractual requirements on aspects such as energy/water efficiency of the buildings used and waste segregation within them.

4.4 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Analysis has been undertaken for this procurement. It found that certain cohorts of young people would not be able to access these services e.g. young mothers. This will be mitigated by a separate procurement of a framework agreement with providers whom the Council will spot purchase specialised services from in the event that needs cannot be met by the directly commissioned supported accommodation. Overall the proposed tender will have a positive impact on vulnerable young people in Islington.

5. Reason for recommendations

- 5.1 Service analysis and conversations with a range of stakeholders (outlined in 4.1) have substantiated a need to re-design our supported accommodation for young people. Through auditing and reviewing the service, conducting a needs analysis (cf. Sufficiency Statement), desktop research and engagement with the market we have found that provision requires more psychologically informed practice and less transactional, transient and institutionalised relationships between providers and young people.

We seek to re-configure our Housing Pathway, commissioning a greater number of Assessment beds with shorter timescales for interventions and placements. These interventions will seek to facilitate mediation work with the young person's family if applicable, led by Children's Services. More broadly, assessments allow for young people to be more substantially triaged, and placed in a setting and service that is most suitable to their needs – be this a step-up to the Housing Pathway, a spot purchased provider, independent living or elsewhere in other provisions.

Alongside this increase, we continue to seek to commission a range of visiting and 24hr support on the Progression phase.

Appendices: None

Background papers: None

Final report clearance:

Signed by:



Executive Member, Health and Social Care

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