



## **Mayor and Cabinet – Approval to Procure and Award Report**

### **Report title: Young Persons Accommodation Based Pathway Care Leavers Approval to Procure and award Report**

**Date:** 8 March 2023

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Commissioning Manager (Supported Housing)

### **Outline and recommendations**

Mayor and Cabinet are recommended to authorise officers to run a procurement for ten to twenty units of supported housing across one or two buildings for Care Leavers.

Tenders will be asked to bring suitable buildings which will be used for the support contract.

The contract will be funded from Leaving Care budgets as part of a spend to save business case saving on semi-independent accommodation.

The contract will be for a period of three years, with an option to extend for two further years, commencing on 1st September 2023, with the estimated contract value of £250,000 to £380,000 per annum, and total contract value of up to £1,140,000 over the three-year contract period

## Timeline of engagement and decision-making

2021 – Officers in the Children and Young People’s Directorate (CYP) carry out an assessment of semi-independent accommodation and propose an expansion of the Young Persons Supported Housing Pathway by twenty units.

February 2021 - Expressions of Interest for new buildings advertised via the London Portal

January to April 2021 – The Young Persons Supported Housing Pathway is expanded by nine units via a contract variation.

August 2022 – Desktop review of pathway buildings

### 1. Summary

- 1.1. This report describes the context and rationale for expansion of the Young Persons Supported Housing Pathway, and seeks authorisation for officers to undertake an open tender process to procure an additional 10 to 20 units, at a maximum cost of £1,900,000 for a 5 year period.

### 2. Recommendations

Mayor and Cabinet are recommended to:

- 2.1 Authorise officers to undertake a restricted tender procedure to procure 10 to 20 units of supported housing, including the support service, across 1 or 2 buildings for Care Leavers. The contract length would be an initial period of 3 years with the option to extend by a further 2 years. A value range will be published of £250,000 to £380,000 per year. A maximum value of £1,900,000 if the extension is utilised.
- 2.2 Approve the subsequent award of contract to the preferred service provider, provided the contract value is within authorised limits set out 2.1.
- 2.3 Delegate authority to the Executive Director for Community Services (in consultation with Director of Law and Corporate Governance and the Executive Director for Children and Young People) to select the preferred service provider in accordance with the award criteria published in the tender documentation and agree final form of contract.
- 2.4 Delegate the decision to extend the contract using the permitted extensions set out in this report to the Executive Director for Community Services.

### 3. Policy Context

- 3.1 Supported Housing is an important strand in the delivery of many government priorities. It plays a key role in delivering national strategies such as the Reducing Reoffending National Plan, the new National Drugs Strategy, and the National Statement of Expectations for Supported Housing.
- 3.2 The services within this report meet the corporate strategy 2022/25 as follows:
- 3.3 Children and Young People. The supported housing provision procured and monitored by the Prevention, inclusion and Public Health Commissioning (PIPHC) team

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contributes to ensuring the most vulnerable children and young people are protected from harm. Supported housing gives options for supporting young people leaving care.

- 3.4 **Quality Housing.** The recommendations in this report will support improvement of supported housing provision procured and monitored by the PIPHC Team, which gives people with support needs safe, comfortable accommodation that they can be proud of and happy living in. This increases the offer of safe and comfortable accommodation to more of Lewisham's residents.
- 3.5 **Safer Communities.** The services commissioned by the PIPHC Team work to prevent people entering the criminal justice system, including young people. Supported housing services work as part of the Safer Lewisham Partnership's Public Health approach to youth violence, aiming to reduce knife crime and sexual exploitation.
- 3.6 **Health and Wellbeing.** Recommendations in this report will support improvement of services commissioned by the PIPHC Team, in particular their work to improve health outcomes through supporting young people holistically with the wider determinants of health, through the provision of psychologically informed environments and through improved access to health services.

## **4. Background**

- 4.1 PIPHC commissions a range of floating and accommodation based support services to meet the needs of service users who require support to manage and maintain their accommodation.
- 4.2 PIPHC works to align services with the ambitions of Lewisham Council working in partnership with other directorates including Children's Social Care (CSC) to improve access to supported accommodation and floating support services and to maximize effectiveness and strategic use of these services.
- 4.3 In 2021 Lewisham an assessment was undertaken of spend on Semi Independent Accommodation (SIL) for Care Leavers. On average the spend per week was £1,106 per person. The average spend for each unit in the Lewisham Young Persons Supported Housing Pathway is £240 per week. A difference of £866 per week per unit.
- 4.4 Based on this assessment the Executive Director for Children and Young People agreed a business case to increase the Young Persons Supported Housing Pathway by 20 units. In 2022 the Prevention, Inclusion and Public Health Commissioning Team expanded a contract in the Supported Housing Pathway by a 9 bed building. This left a mandate to find an additional 11 units of supported housing for Care Leavers.
- 4.5 Officers will go to the market to ask for tenders for a support contract with minimum single night concierge cover so there is staff present 24 hours a day. This is to meet the requirements of support set by CYP.
- 4.6 Tenders will be required to provide buildings to be used for this contract. Officers cannot determine the number of units in these buildings before receiving the tenders. A range of units of 10 to 20 will be asked for to account for the type of buildings which may be available. The providers will be asked to take on the building management responsibilities and will be assessed on competence to do so.
- 4.7 The contract will be funded from Leaving Care budgets as part of a spend to save business case saving on Semi-Independent Accommodation.

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## 5. Buildings for Contract

- 5.1 In 2021 PIPHC ran a market warming exercise asking for buildings from landlords to be used for supported housing contracts. This market warming produced no suitable buildings.
- 5.2 Earlier in 2022 PIPHC carried out a desk top review of all the buildings used for Supported Housing Pathway services. One of the questions the landlords were asked was their appetites for expanding supported housing services in Lewisham. Of the 13 landlords in the funded pathway only 2 were keen to expand their provision in supported housing. All of the other landlords were happy to maintain the provision they had. Most landlords working in the area are happy to explore changes to the support contract which is carried out in their buildings.
- 5.3 PIPHC has not, in recent years, gone to the market with a new support contract without buildings already in place to use for that contract. This procurement will help to understand what the market can offer when responding to this form of procurement. To improve the chances of success the procurement will include the option for landlords to change the use of buildings already used for other supported housing.
- 5.4 Many of the supported housing providers which hold contracts in Lewisham are not able to operate as Landlords. By going to market without buildings already in place that market will be limited to only those providers who can operate as both landlord and support provider, and who have appropriate buildings to use in the borough. To try to increase response the procurement would accept partnership bids between a landlord and support provider.

## 6. Procurement Approach

- 6.1 The recommended length of the contract will be an initial 3 years with the option to extend by a further 2 years. The contract value will be largely determined by what buildings are put forward for the use. Staffing costs make up the majority of supported housing contract costs, if the service is spread over more buildings the cost will be higher. If there are more units the cost will likely be higher.
- 6.2 The current young persons supported housing contracts give some indication of the likely contract value.

Type of service	Number of Units	Unit Cost per week	Yearly Value
<b>24 Hour Assessment Centre</b>	<b>25</b>	<b>£272.39</b>	<b>£ 354,113.00</b>
<b>Mix of 24 Hour and Medium Support Buildings</b>	<b>46</b>	<b>£227.38</b>	<b>£ 543,899.00</b>
<b>Mix of 9 to 5 cover and visiting support</b>	<b>24</b>	<b>£208.48</b>	<b>£ 260,182.00</b>

- 6.3 Asking the market to provide buildings will make this tender process more complex. To improve the chance of receiving quality tenders and to keep a cap on price it is recommended that a pricing range be published for the contract. The range would be £250,000 per year to £380,000 per year.
- 6.4 The proposed procurement route is a restricted tender following public advertisement.
- 6.5 Quality will be assessed based on both ability to provide the support contract, and the condition of the buildings. Viewings and assessment of the buildings by officers will

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form part of the evaluation.

- 6.6 Officers from Lewisham CYP will be invited to sit on the evaluation panel, to help ensure quality is assessed from that expert perspective.
- 6.7 PIPHC will aim to recruit and train a service user to sit on the evaluation panel for assessment of tenders from a perspective of lived experience.
- 6.8 Officers would look to issue the tender on the 'ProContract' portal at the end of March 2023, and the tender would close in May 2023. The moderation panel is booked for the end of May 2023. The contract will be awarded at the start of July 2023, with the new service launched in November 2023.

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## 7. Financial implications

7.1 The procurement is estimated at maximum of £380k per year, a total of £1.14m for three years. Compared to an average cost of £1,106 per week per unit for a semi-independent accommodation, this proposal is expected to save circa £0.6m in the three year of the contract at an occupancy rate of 10 units (breaking even at 7 units), £1.6m for 16 units and £2.3m for 20 units – as per the analysis in the table below.

Realistically, all units cannot be occupied all the time, but they will incur cost. As such, a full-time occupancy of ten units is deemed reasonable.

The service has advised that all revenue costs remain the responsibility of the provider as part of a reclaim of housing benefit reimbursements. The service has confirmed that there will be no additional pressure on the general fund as a consequence of this procurement process. There is further assurance provided by the service that similar housing models are currently in place within Lewisham and do not general additional costs to the general fund.

		Proposed - cost @ 16 units	Current Avg cost @£1,106/wk per unit	Estimated saving due to the proposal	Current Avg cost @£1,106/wk per unit	Estimated saving due to the proposal	Current Avg cost @£1,106/wk per unit	Estimated saving due to the proposal	Current Avg cost @£1,106/wk per unit	Estimated saving due to the proposal
		Units	Units		Units		Units		Units	
Months	Financial year	16	16		7		10		20	
7	23/24	£221,667	£536,779	£315,112	£234,841	£13,174	£335,487	£113,820	£670,973	£449,307
12	24/25	£380,000	£920,192	£540,192	£402,584	£22,584	£575,120	£195,120	£1,150,240	£770,240
12	25/26	£380,000	£920,192	£540,192	£402,584	£22,584	£575,120	£195,120	£1,150,240	£770,240
5	26/27	£158,333	£383,413	£225,080	£167,743	£9,410	£239,633	£81,300	£479,267	£320,933
	<b>Total</b>	<b>£1,140,000</b>	<b>£2,760,576</b>	<b>£1,620,576</b>	<b>£1,207,752</b>	<b>£67,752</b>	<b>£1,725,360</b>	<b>£585,360</b>	<b>£3,450,720</b>	<b>£2,310,720</b>

- 7.2 In terms of the impact on the general fund, moving each child that is currently in a semi-independent accommodation to the proposed pathway will result in a reduction in cost by £650 per week. However, for each new child entering the system, who would otherwise be placed in a semi-independent accommodation, this will be a cost avoidance £650 per week. For both types, existing and a new placement, this will positively contribute towards the overall general fund position.

## **8. Legal implications**

### **8.1 Approval to Procure**

The report seeks approval to procure an external service provider for the provision of supported housing for care leavers. Given the potential spend on this contract (at a length of up to a maximum of 5 years) this contract would be categorised by Contract Procedure Rules as a “Category A” contract. The report sets out the other options considered and explains why this is the recommended option.

Assuming that Mayor and Cabinet accepts the recommendation to procure a service provider, the Contract Procedure Rules (“CPR”) place requirements on how that should happen. The CPR require that when letting contracts steps must be taken to secure value for money through a combination of cost, quality and competition, and that competitive tenders or quotations must be sought depending on the size and nature of the contract (Rule 5). The requirements of the CPR would be satisfied by use of a restricted procurement. As a Category A contract, it would be for Mayor and Cabinet to take a decision on the award of any contract. Given the potential spend on this contract the Public Contracts Regulations 2015 as amended by the Public Procurement (Amendment etc) (EU Exit) Regulations (“the Regulations”) will apply.

### **8.2 Approval to Award**

This report proposes that Mayor and Cabinet approve the award of a contract for the provision of supported housing for care leavers. This report further proposes that Mayor and Cabinet instruct the Executive Director for Community Services in consultation with the Executive Director for Children and Young People and the Director of Law and Corporate Governance to give effect to this decision by applying the selection criteria to determine and enter into contract with the preferred service provider.

The decision to award the contract contained in this report is a Key Decision under the Constitution as it has a value of more than £700,000. It is therefore required to be contained in the current Key Decision Plan and the Council’s Key Decision procedure must be followed.

Provided that the final contract value is within authorised limits set out in the report and the preferred service provider is selected in accordance with the selection criteria published in the tender documentation, then the selection by Executive Director for Community Services of the preferred service provider in accordance with Mayor and Cabinet’s direction will not be a Key Decision. For audit purposes a written record should be kept setting out how the selection process has been applied and the preferred service provider selected, and officers from Legal Services should be consulted as necessary throughout the selection and award process.

## **9. Equalities implications**

- 9.1 The service is required to abide by equality legislation. The service specification for the varied service will focus on reducing barriers to accessing accommodation and support for all underrepresented groups in line with the Equality Act 2010, and have considered

the potential impact on all of the nine protected characteristics.

9.2 The Council's Equalities objectives are addressed in the contract documentation.

## **10. Climate change and environmental implications**

10.1 The Council's Environmental objectives are addressed in the contract documentation.

## **11. Crime and disorder implications**

11.1 The supported housing service detailed in this report relates to the provision of specialist accommodation based support services for vulnerable Lewisham residents. This will therefore make an important contribution to the work of the Safer Lewisham Partnership and link in directly with the Safer, Stronger Communities outcome to 'minimise harm caused by homelessness and rough sleeping'.

## **12. Health and wellbeing implications**

12.1 The supported housing service detailed in this report relates to the provision of specialist accommodation based support services for vulnerable Lewisham residents. This will therefore make an important contribution to the work of the Safer Lewisham Partnership and link in directly with the Safer, Stronger Communities outcome to 'minimise harm caused by homelessness and rough sleeping'.

12.2 The varied service will have a positive impact on social, economic and environmental living conditions that indirectly affect health by providing good quality accommodation with support to address health issues early on and to ensure wrap around services are in place.

## **13. Report author and contact**

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