



Mayor and Cabinet

Report title: Permission to Procure for refurbishment works and a registered provider for Supported Accommodation for Young People - Site 1 and Site 2.

Date: 21 September 2022

Key decision: Yes

Class: Part 1

Ward(s) affected: All

Contributors: Head of Corporate Parenting; Consultant for Corporate Parenting; Head of Service for CYP Joint Commissioning; and the Capital Programme Delivery Team

Outline and recommendations

This report sets out the procurement and commissioning intentions to enable delivery of supported accommodation for young people across two Council owned sites.

Mayor & Cabinet is recommended to approve:

1. Commencement of procurement to secure a suitably qualified Main Contractor to carry out conversion and refurbishment works at the two sites; at a pre-tender estimated value set out in the part 2 report, a tier two contract classification and using the process set out in this report.
2. Commencement of procurement of a registered provider for the delivery of supported accommodation and building management (leasehold) across the two sites via competitive tender. The contract will be for a period of three years, with an option to extend for two further years commencing from July 2023. The estimated contract value is set out in the part 2 report.
3. Delegation of authority to the Executive Director for Children and Young People (in consultation with the Executive Director for Housing, Regeneration and Public Realm) to award both contracts following the procurement process as set out in this report.

The two sites will provide supported accommodation for young people alongside high support services to 16 & 17 year old children in care and 18+ Care Leavers, a requirement which is part of the Council's Placements Sufficiency Strategy.

Timeline of engagement and decision-making

July 2021: Soft Market Testing for service provider

13 October 2021: Business Case and Project Initiation Document (PID) presented to and agreed by Regeneration and Capital Delivery Programme Board.

1 November 2021: Future use of assets and business case presented to and agreed by Regeneration & Capital Board.

December 2021: Establishment of the monthly Placement Sufficiency Strategy Board

31 January 2022: Contract for building surveyor led multi-disciplinary consultancy team to further develop detailed conversion and refurbishment plan for both sites approved by Director of Inclusive Regeneration.

April 2022- May 2022: Soft Market Testing for service provider

1. Summary

- 1.1 This report seeks approval from Mayor and Cabinet to proceed with the procurement of a Main Contractor to undertake conversion and refurbishment of two Council-owned sites; and a new registered provider to manage both sites and to provide high support services to 16 & 17 years old children in care and 18+ Care Leavers. The service will increase access to supported accommodation and floating support to young people in care locally.
- 1.2 A business case was presented to the Regeneration and Capital Delivery Programme Board on 13/10/2021 and Regeneration and Capital Board on 01/11/21 and 22/07/22 to request the two vacant council owned sites are refurbished to create high support services to 16 & 17 years old children in care and 18+ Care Leavers.
- 1.3 The CYP Joint Commissioning Team have been working with The Capital Programme and the Corporate Parenting Team to review progress in terms of refurbishment across these two sites. It is expected that building works will be completed in or around June 2023.
- 1.4 The Capital Programme Delivery Team will be responsible for leading the procurement of a Main Contractor to undertake conversion and refurbishment works at the two sites. The CYP commissioning team will be responsible for leading the procurement process of a registered provider and will be working to ensure the service is aligned with the new national standards introduced by the Department of Education for supported accommodation.
- 1.5 The use of these two sites is expected to contribute to addressing the overspend caused by placing young people out of borough, and will reduce the dependence we currently have on high cost semi-independent provision. This approach will expand the Council's use of an alternative, high quality, lower cost housing provision that provides the appropriate level of support for children in care and care leavers.
- 1.6 The report sets out the proposed procurement strategy for both the refurbishment works and registered provider. If agreed, a competitive tender process for both will commence in September / October 2022.

- 1.7 Officers will seek to award the Main Contractor a contract for a period of approximately 5 months for the conversion and refurbishment of the two sites. The pre-tender estimate for this contract is set out in Part 2 of the report.
- 1.8 Officers will seek to award the registered provider contract for a period of three years, with an option to extend for two years commencing from July 2023. Details of the estimated contract value is set out in Part 2 of the report.

2. Recommendations

It is recommended that Mayor and Cabinet approve:

- the commencement of the procurement process to secure a suitably qualified Main Contractor to carry out conversion and refurbishment works at the two sites; at a pre-tender estimated value set out in the part 2 report, a tier two contract classification and using the process set out in this report; and
- the commencement of the procurement process to provide Children and Young People and Leaving Care Service a new registered provider to manage both buildings (leasehold) and to provide a high level of support service to 16 & 17 year old children in care and 18+ care leavers, over a three year period with an option to extend for a further two years commencing in or around July 2023 depending on the completion of refurbishment works. Details of the estimated contract value is set out in section two (2) of the Part 2 report.
- Delegation of authority to the Executive Director for Children and Young People (in consultation with the Executive Director for Housing, Regeneration and Public Realm) to award both contracts following the procurement process as set out in this report.

3. Policy Context

- 3.1 Under the Children's Act 1989 section 22G, the council has a general duty to secure sufficient accommodation within the authority's area which meets the needs of children that the local authority are looking after, and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the local authority's area ('the sufficiency duty').
- 3.2 The provision of supported accommodation is consistent with the Council's Corporate Strategy (2018-2022) priorities around 'Giving children and young people the best start in life', in particular the aim is to:
 - Improve our children's social care services to provide support for families at the earliest opportunity.
 - Ensure that the children in our care are safe and supported to achieve the very best in life.
 - Work with our partners to ensure that young people transitioning into adulthood achieve the best possible outcomes in relation to education, work, healthy lives and strong community connections.
- 3.3 The use of Supported Accommodation provision has continued to grow as more older children enter the care system. To ensure this type of provision delivers the best for those aged 16, 17 and 18 years plus, the Department of Education will now be introducing mandatory national standards, to be in place from Autumn 2023 which will be overseen by an Ofsted-led registration and inspection regime. Lewisham will ensure to deliver this service in line with these regulations.

- 3.4 The completed building works will also contribute to the Council's Corporate Strategy (2018-2022) aim of 'Making Lewisham greener' by reduce energy consumption with the inclusion of modern energy conserving materials, heating appliances and LED lighting; consistent with the Council's energy policy and commitment to the borough being carbon neutral by 2030.

4. Background

- 4.1 Accommodating children in care including care leavers represents the highest area of spend for Children and Young People's services. The annual budget for this provision in 2021/22 was £28,140,000. The year end spend equated to £33,097,156, resulting in an overspend.
- 4.2 There are currently 475 children and young people under Lewisham's care. This has remained relatively static over the last few years.
- 4.3 To date there are 146 children out of the 475 in care age 16 and 17. Of these, 29 are placed in semi-independent accommodation at an average weekly cost of £3,985 per young person (£207,220 annually).¹
- 4.4 There is an estimated 107 care leavers (age 18+) out of the 475 living in semi independent accommodations at an average weekly cost of £1,781 per young person (£92,612 annually).²
- 4.5 The Corporate Parenting Service incurs a total cost of £1,776,996 annually to accommodate 13 young people in semi-independent accommodation. Over a 5 year period, the costs to this service is £8,884,980 which highlights the need to create efficiencies in this area. The options appraisal outlined in section 8 of this report represents the saving of £852,865 per annum should we progress with this preferred option.
- 4.6 Each year it is evident the spend on accommodating children in care including care leavers continues to rise together with the demand for children's social care services
- 4.7 These developments will allow Lewisham to have improved oversight of such services by having: greater control over the cost; effective monitoring of quality of accommodation and support hours delivered; matching risk assessments; stronger contract management arrangements; and easier access for social care colleagues to attend and visit young people and care leavers more frequently.
- 4.8 Lewisham is able to continue to fulfil our statutory duty to provide sufficient accommodation locally for children in care, consistent with their welfare and contributing to our placement sufficiency challenges thus creating more capacity to accommodate these cohorts of young people locally.
- 4.9 As part of the Corporate Parenting Service, there is a commitment to reduce the local authority's reliance on high cost supported accommodation provisions. Alternative developments are being considered to tackle the financial overspend whilst ensuring adequate access to high quality accommodation and support for young people who need it. Expanding the Unaccompanied Asylum Seeking Children (UASC) pathway, developing supported lodgings provision and re-provisioning vacant council properties

¹ CSC Placement Tracker 2022-2023

² CCS Placement Tracker 2022-2023

are all part of these commitments.

- 4.10 In Lewisham, semi-independent accommodation is used to provide both 24 hour accommodation and support to children looked after aged 16 and 17 and accommodation and varying levels of support to care leavers to prepare them for adulthood and independence.
- 4.11 Site 1 and Site 2 developments will create an opportunity to develop local provisions which will reduce reliance on the current provider framework and future spot purchasing arrangements.
- 4.12 The Council is undertaking an Asset Review to identify buildings and sites that can create greater value, whether that is through redevelopment, disposal, strategic service use or commercial use. The Asset Review identified the two sites as being suitable and available for accommodation for young people. An options appraisal was undertaken on each site to ensure all potential uses for the sites were considered; and this has been reviewed and agreed by the Regeneration and Capital Board.

5. Proposed use of the properties

- 5.1 Site 1 is for the provision of 24 hour Supported Accommodation for 5 young people aged 16 and 17. Site 2 is for the provision of floating supported accommodation for 8 care leavers age 18+.
- 5.2 The two properties will be refurbished and remodelled to provide the accommodation needed for both cohorts, as well as the staffing support required for each site.
- 5.3 Building refurbishments will ensure that both sites are fit for purpose, the service and support activities can run efficiently and effectively, and will also ensure that the buildings meet current building, fire and energy efficient standards. The building works will also support the Council and its service providers, when implementing guidance in relation to the current and post Covid-19 environment.
- 5.4 The Capital Programme Delivery team are leading on these capital works. Faithorne, Farrell and Timms Ltd (FFT) have been appointed to provide advice and technical assistance with the delivery of this project, including advising of client duties under the Construction, Design and Management Regulation (CDM) 2015 and discharging those duties. They will work through RIBA stages 1-7, produce detailed designs, robust employers requirements for the tender and detailed technical specification, act as the Contract Administrator and undertake the Principal Designer role.
- 5.5 Designs have been developed and planning permission has been submitted for both buildings. CYP staff and service users are being involved in the designs and finishes to ensure they are fit for purpose. Following approval of this report a Main Contractor will be procured in late September 2022, with work starting at both sites in early 2023. The completion date of the refurbishment (expected to be in or around June 2023) will dictate the start date of the service provider.
- 5.6 Through the service provider procurement process, commissioners for the registered provider will ensure that the tender documents including the Invitation to Tender (ITT), clearly state that the start date is dependent on completion of the capital build, this will make potential bidders aware that the start date may be delayed.
- 5.7 The overarching aim is to ensure young people in care and leaving care are placed in high quality, homely accommodation within Lewisham that is most suited to their requirements. This provision will be delivered in line with the new mandatory national standards and represents best value to the council.

- 5.8 These provisions will aim to develop independence skills of service users and prepare them for their transition into adulthood by providing flexible support packages. There will be a referral process followed by a matching risk assessment and needs assessment prior to entering the service.
- 5.9 Lewisham is therefore seeking to identify one registered provider to manage both buildings on up to a five year contract on a full repairing and insuring lease to deliver 24 hour, seven days a week supported accommodation in Site 1 and floating support services in Site 2.
- 5.10 The Corporate Parenting Service have specified how they propose to use both sites once refurbished.

Site 1: 5 beds	<ul style="list-style-type: none"> • 5 ensuite bedrooms with shared kitchen, living and laundry facilities • Staff on site 24 hours • Staff facilities and bedroom • Communal living/ dining area • Office
Site 2: 8 beds	<ul style="list-style-type: none"> • 8 self-contained studios • Shared lounge facility • High level support for 18+ Care Leavers • Staff on site 9am – 5pm • Offices with daytime access only (with staff toilet and kitchenette)

- 5.11 Site 1: Referrals to this provision will be for those aged 16/17 with a range of medium and high support needs. There will be secure access doors beyond reception to control and monitor those entering the building. There will be staff on-site 24 hours with waking night cover in place for all on call and emergency arrangements.
- 5.12 Site 2: Referrals to this provision will be for care leavers aged 18-25 with a range of low to medium support needs. This provision will have controlled access to the building and will have on-site staff during 9am – 5pm (Monday- Friday). Staff will be on call outside of these hours. Car parking space will also be allocated for wheelchair residents, staff and residents.

6. Refurbishment Works – Procurement Strategy

- 6.1 The refurbishment works will be procured externally as the Council neither has the skills nor capacity to deliver such construction works in house. Setting up the required infrastructure to enable this function does not represent good commercial or practical sense, given the nature and scale of works.
- 6.2 The Council will directly deliver other elements required to successfully undertake and maintain the works, including: project management, clienting, stakeholder management, and latent defect management.
- 6.3 Suppliers will be able to tender for this contract via the Pro Contract Procurement Portal and will be assessed on a criteria of price and quality at a percentage of 50/50 split. A Suitability Questionnaire and method statement questions will be used to assess provider’s ability and technical expertise to deliver the contracts. Social Value will be assessed as part of the overall quality element, expected to be weighted between 5% and 10%.
- 6.4 The value of these works is classified as Category A under the Councils’ Contract Procurement Rules and has a tier two classification in the Contract Management

Framework 2021.

6.5 Permission to Award the contract to one Main Contractor will be sought from the Executive Director for Children and Young People, in consultation with the Executive Director for Housing, Regeneration and public Realm (subject to approval of delegated authority within this report)

6.6. Proposed Procurement Timetable:

Activity	Date
Approval to Tender	September 2022
Tender Issue	Late September 2022
Tender Returns	Mid November 2022
Evaluation	November / December 2022
ED CYP contract award / OSBP	December 2022 / January 2023
Contractor mobilisation	January 2023
Works commence	February 2023
Practical Completion and handover	June 2023

6.7 It is expected the works will take around 5 months and the pre- tender estimated value for the works is set out in the part 2 report.

6.8 It is anticipated that the JCT Intermediate Building Contract with Contractors Design 2016 edition will be used, amended to incorporate the Council's standard clauses. The construction work period is expected to be between February and June 2023 (or as per final agreed programme).

7. Registered Provider - Procurement Strategy

7.1 Should agreement be given to procure the service, a range of activities will take place with key stakeholders (professionals and service users) to develop the service specification. This will build on soft market testing which has already taken place to date.

7.2 The procurement process will be tendered via an open tender process in line with the Public Contract Regulations (2015) as per the Light Touch Regime and the Council's Contract Procedure Rules with one successful provider being awarded the contract. Awarding a contract to one supplier to manage both sites would achieve more competitive pricing and savings as it will achieve economies of scale in terms of management oversight, training and staffing compared to tendering both sites as two separate contracts.

7.3 The tender will be advertised via the Council's online tendering system (Proactis procurement portal) publishing the opportunity onto Contracts Finder and Find a Tender service.

7.4 It is proposed that tenders will be evaluated using 60:40 quality: price weighting as high quality accommodation is paramount to this service. This is pending agreement from Head of Strategic Finance, Planning and Commercial Finance.

7.5 Tenders will be moderated by a panel (with a mix of children's social care and commissioning colleagues) in November 2022. Service users will also be involved when evaluating this tender.

7.6 A Standard Selection Questionnaire and method statement questions will be used to

assess provider's ability and technical expertise to deliver the contracts and include provision for Social Value.

- 7.7 Permission to Award the contract to one successful supplier will be sought from the Executive Director for Children and Young People (subject to approval of delegated authority within this report) in February 2023, and suppliers will be notified of the outcome in February 2023.
- 7.8 The mobilisation period for the new contract will be between March to May 2023 for new contractual arrangements to start in July 2023 (or when the refurbishment works are complete).
- 7.9 Proposed Procurement Timetable

Activity	Date
Mayor & Cabinet approval to tender	14 th September 2022
Stakeholder engagement and specification development	September 2022
Tender period, incl. clarifications	October - November 2022
Evaluation	November 2022
ED CYP approval / Standstill	1 st February 2023
Contract Award	February 2023
Supplier mobilisation	March – May 2023
Contract starts	July 2023

8. Financial implications

8.1 The pre-tender estimate for the refurbishment contract is outlined in Part 2 of this report. The capital costs will be met from the General Fund Capital Programme budget; and is a spend to save project, which will require revenue savings generated by CYP.

8.2 Options appraisal have been undertaken to consider three options for delivering the support service and management of the two buildings.

8.2.1 Option 1: Create an in-house service.

Providing this service in-house would make an annualised revenue savings of £495,567.

8.2.2 Option 2: Commission a Registered Provider to manage both buildings (leasehold)

Provider B could generate potentially annualised savings of £852,835.

8.2.3 Option 3: Contract Lewisham Homes to manage properties on behalf of the service and commission a Registered Provider to support high need 16 & 17 year old children in care and 18+ Care Leavers.

Provider A could generate potentially annualised savings of £932,611.

Lewisham Homes provided high level costs for management and maintenance of both properties. However these costs do not include cyclical maintenance or voids management and so the costs quoted will rise significantly once these additional requirements are included. It is not clear whether Lewisham Homes would enter into a management agreement with a provider (for small repairs; room turnaround, management of voids etc.)

8.3 Option 2 is therefore the preferred option, which provides potential savings of circa

£852k per annum. This is based on prudent payment values for a typical child which could be placed in the establishment. Therefore the savings could be higher or lower. Equally the market testing undertaken with the two providers was undertaken approximately a year ago and can only be used as a guideline. More information will be known when the formal tendering process is undertaken.

- 8.4 It should be noted that the draft information from the two providers does include assumptions for staffing, building related costs and running costs.
- 8.5 Overall, the approval of these projects will support CYP in meeting its medium term financial strategy savings targets. There could potentially be wider savings from provision of either local support with Lewisham or from partners e.g. Mental Health support from local CAHMS.
- 8.6 There are risks over the assumptions used to calculate the savings and so regular monitoring will need to take place to ensure these are achieved.

9. Legal Implications

- 9.1. The report seeks approval of the future delivery of a Children and Young People and Leaving Care Service by an external provider (“Services Contract”). Given the potential spend on this contract (at a length of 3 + 2 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.
- 9.2. The report also seeks approval for the procurement of the refurbishment works at 2 sites by an external provider (“Works Contract”). Given the potential spend this contract would be categorised as a Category A contract.
- 9.3. Assuming that Mayor and Cabinet accepts the recommendation to procure both contracts externally, Contract Procedure Rules place requirements on how that should happen. The Rules 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 Public Contracts Regulations 2015 (“the Regulations”) will apply to the procurement of the Services Contract but not the Works Contract. The requirements of both Contract Procedure Rules and the Regulations would be satisfied by use of an open tender procedure as set out in the report. The process for procurement and the award of the contracts would have to be in accordance with the Contract Procedure Rules. As a Category A contract, it would normally be for Mayor and Cabinet to take a decision on the award of any contract however this report recommends that the approval to award the contract is delegated to the Executive Director for Children and Young People (in consultation with the Executive Director for Housing, Regeneration and Public Realm).
- 9.4. This is not a key decision.

10. Equalities implications

- 10.1 One of the overarching aims of these provisions is to increase independence in young people in placements through providers offering tailor made curriculums as part of their key work sessions.
- 10.2 The Council's Equalities objectives will be formed part of the criteria's used in the tender evaluation.

- 10.3 As part of this development an Equalities Analysis Assessment will be undertaken to ensure that the equalities agenda is fully considered.

11. Climate change and environmental implications

- 11.1 The works planned for both buildings include LED lighting with motion sensors, modern heating and controls alongside improvements to the building fabric, and will create energy efficiencies and reduce running costs and thus carbon emissions.
- 11.2 It is expected that these elements of the works will support the councils drive to be carbon neutral by 2030
- 11.3 Both buildings will be maintained by the awarded provider. The energy efficiency of services will be discussed and monitored in the contract monitoring meetings.

12. Crime and disorder implications

- 12.1 Supported Accommodation plays a role providing positive support for young people which can lead to a reduction in young people entering the criminal justice system.
- 12.2 As a local authority we have a statutory duty to work collaboratively with key stakeholder groups who is responsible for providing a range of support services to and within the community. Section 17 of the Crime and Disorder Act places a duty on partners to do the best they can to reasonably prevent crime and disorder in their area.

13. Health and wellbeing implications

- 13.1 By providing high quality supported accommodation and support to 16/17 year old children in care and care leavers locally in the borough, close to education, friendship and other support networks; this should have a direct and positive impact on their physical / mental health and wellbeing.

14. Social Value implications

- 14.1 The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including, how what is proposed to be procured may improve the economic, social and environmental well-being of the local area for higher value contracts. The council is committed to these principles for all contracts over £50,000 in value. For contracts less than £50,000 the Council requires that where practicable a Lewisham based organisation be invited to quote for the goods, works or services.
- 14.2 With colleagues in the Local Labour, Sustainability and Procurement teams, officers will set targets in line with the Council's strategic aims and objectives for both contracts. The Lewisham Sustainability policy and social value tool will be used.
- 14.3 A section of the tender evaluation for Quality will be based on expected social value commitments that bidders will address in their method statement. The final weighting given to the social value element of the method statement will be agreed with the Procurement team and be in line with the Council's Social Value Policy.
- 14.4 The employment, skills and economy social value targets will be agreed and managed

by the Local Labour Business Scheme (LLBS) team who will ensure that any apprenticeship, jobs and business opportunity targets are met.

15. Conclusion

- 15.1 On the basis of the information set out within this report, the Mayor and Cabinet is recommended to authorise officers to proceed with the procurement processes that have been outlined.

16. Background papers

- 16.1 **September 2021:** Business Case for the refurbishment of Northover and Amersham Road site for the use by Corporate Parenting Service.
- 16.2 **July 2022:** Programme/Project Initiation Document V2 (PID)

17. Report author(s) and contact

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