

Forward Plan reference number: FP/843/10/20

Report title: Housing Related Support for Young People aged 16+	
Report to: Cabinet	
Report author: Councillor Louise McKinlay, Cabinet Member, Children & Families	
Date: 20 April 2021	For: Decision
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 This report relates to the provision of housing related support to young people accommodated by others. The contract for delivery of the current service expires on 31 May 2022 and this report relates to the re-procurement of the service.

2. Recommendations

- 2.1 Agree to procure a single countywide contract for the provision of housing related support services for vulnerable young people in Essex using an open, single stage procurement procedure for a 5 year contract term from June 2022– May 2027 with the option to extend for up to a further two years to May 2029.
- 2.2 Agree a maximum total expenditure of £18.025m based on an annual spend of £2.575m.
- 2.3 Agree an evaluation model based on 30% price, 70% quality of which 10% may relate to Social Value.
- 2.4 Delegate the approval of the detailed evaluation model to the Executive Director, Children and Families.
- 2.5 To delegate approval to award contract(s) to the Cabinet Member for Children and Families.
- 2.6 Note that the decision whether or not to extend the contract will be taken by the Cabinet Member for Children and Families.

3. Summary of issue

- 3.1 ECC's approach to improving outcomes and stability for Looked After Children and Care Leavers is set out in the Essex Sufficiency Strategy for Children in Care, which is currently under review. Although this cohort is not the main focus of the strategy, part of it sets out the intention to ensure that Care

Leavers – for whom the council is not usually under a duty to provide accommodation - are able to access suitable accommodation. Part of this includes the provision of support to enable care leavers to maintain their tenancy and live independently. The housing related support service supports the delivery of that intention.

- 3.2 ECC has a number of statutory duties under the Children Act 1989 as amended to care leavers aged between 18 and 21 - or 25 if in full time education. These duties include assistance with accommodation and assistance with education, employment and training. ECC has no statutory duty to provide accommodation to this cohort.
- 3.3 ECC has further responsibilities to provide support as a result of the Southwark Judgement 2009 which concerned the interplay of the homelessness legislation and the Children Act 1989 in relation to the assessment of 16 and 17 year olds.
- 3.4 Although the Council is not under a duty to provide accommodation, it is often convenient for the support to be provided in a supported accommodation unit where the accommodation is suitable and suitable support can be on hand when it is needed.
- 3.5 ECC currently commissions housing related support services to help provide support for young people to maintain their tenancy and live independently. The current service provides accommodation support for the following cohorts of young people:
 - Those aged 16 and 17 years old and homeless / at risk of homelessness, who have been assessed by Social Care as not a Child In Need (CIN); or assessed as CIN and have made an informed decision they do not want to become a Looked After Child, they want to take responsibility for themselves in respect of their education, training, employment and accommodation.
 - Care Leavers aged 18 to 21.
 - Vulnerable young parents up to the age of 21 years old who have additional support needs.
 - Additional young people aged 18 to 21 years old at risk of homelessness and are assessed as having specific vulnerabilities.
- 3.6 The current service was tendered to provide capacity to support up to 330 young people. The accommodation is supplied by the lead provider and sub-contractor and accommodation costs are funded via young people's own income streams, primarily via Housing Benefit. ECC provides a 'Gateway' service to oversee and manage access into the accommodation.
- 3.7 The outcomes that the current service is commissioned to deliver are to ensure that the young people using the service are:
 - Accommodated
 - Healthy
 - In education, employment or training
 - Resilient / supported

- **Safe**

- 3.8 The current service is delivered by Nacro as lead provider and one sub-contractor, Peabody. The current contract ran for an initial three year period from 1 June 2017 to 31 May 2020. It has now been extended for two years and now expires on 31 May 2022 (the Contract). It is not possible to extend the Contract any further.
- 3.9 The annual value of the Contract is £2.575m. The current delivery model has given rise to numerous challenges over the course of the Contract, including staff recruitment and retention, and in management of empty properties.
- 3.10 The current service is operating with approximately 10-30% of the units empty (called 'voids'). Voids have been due to the following reasons:
- Fewer referrals than forecast when the service was commissioned.
 - Difficulties in matching a young person's needs with the available accommodation-based support.
 - Although accommodation is situated around the county, the service does not have access to accommodation in every district.
- 3.11 As a result the council has agreed to:
- Pay a 3% uplift in the contract price for the 24-month extension period.
 - Reducing voids by reducing the capacity of the service by twelve units of accommodation by the sub-contractor.

Service Redesign

- 3.12 Research, visits to other local authorities, market and stakeholder engagement and exploration has been carried out extensively to inform service design. This has identified that:
- Alternative delivery models, such as 'the House Project' (where a long-term tenancy is provided and the tenant is provided with tapering support), Safe and Sound Homes (supported lodgings with a host family) and Staying Close (a Department for Education funded pilot, testing approaches to better support young people leaving children's homes), that are more cost effective and deliver positive outcomes for young people via support linked to accommodation, however these would require time to test, embed and upscale in Essex.
 - The learning we gathered from the research will be tested outside of the contract, starting in 2021 with the "Nightstop" project (volunteer host families to temporarily house young people with a view to their returning home).
 - The learning has also influenced the specification in that it requires the successful provider to innovate change and improvements based on the evidence gathered.

- The positive impact of a 'Trauma-Informed' approach (focusing on clients' strengths and on physical, psychological and emotional wellbeing) in homelessness services.
- Access to the required number of properties for the Service is a barrier to new entrants into the Essex market.

3.13 Analysis of service data over the past 3 years has indicated that:

- Numbers of young people using the service have remained relatively constant, with an average of 148 young people entering the service per year and the number of active clients ranging from 232 – 262 at any one time; with this number forecast to remain at around 250.
- Of those accepted into the service, nearly 50% of these were Care Leavers, around 30% were 16-17 year olds at risk of homelessness, 10% were vulnerable young parents and 10% 18-21 year olds with other vulnerabilities.
- Around one third of young people are assessed as having high or specialist levels of need, however some of the most vulnerable young people leaving care were not able to be placed in the service, due to it not meeting their needs.
- Levels of complexity are forecast to increase, following trends seen in the Essex children in care population.
- When ready to move on, available data indicates that 35% of young people move into local authority social housing, 11% into private rented accommodation, 11% return to family and 11% stay informally with friends. As holding a tenancy in the private rented sector is the most likely step into independence for any young person in Essex, the expectation will be that the future service innovates to develop broader 'move on' opportunities in addition to social housing.

3.14 More detailed demand forecasting is challenging for the following reasons:

- Young people can be referred to the service at any stage between the ages of 16 and 21 and not all are previously known to children's social care.
- They may not be able to be housed safely with certain other young people or may require accommodation in different locations within Essex due to safeguarding reasons

3.15 Cost modelling has been undertaken and a minimum set of requirements has been developed which set out the required provision on 'day 1' of the new service. The financial assumptions that informed this modelling have subsequently been tested with current providers and confirmed as being reasonable. Accordingly, it is proposed that the provider must meet the following requirements:

- A flexible accommodation-based support service for between 200-270 young people at any one time, with a transition and mobilisation period to minimise disruption for young people accommodated in the current service.
- A minimum of one third of the total spaces (ie 66 – 90 spaces) being in 24/7 staffed provision, these being equally distributed between the quadrants.

- All young people in the service to have access to between 1-7 hours of 1:1 support per week, depending on assessed need.
- All young people to have access to support through transition (both into and out of the service), depending on assessed need.
- A contractual expectation that providers will review the use of the accommodation so that they can match provision to geographical areas of need and so that the accommodation meets needs. It is likely that accommodation will be required in each district.
- Access to the service to continue to be controlled by the ECC gateway service.

3.16 It is proposed that the contract will require the provider(s) to develop and improve the Service over the contractual period, in line with the service delivery principles below:

- Development and testing of alternative delivery models and shifting capacity to these over a period of time if positive outcomes are achieved.
- Development towards a 'Trauma Informed' ethos and approach that can be seen organisationally, in policy and in practice.
- Provision of more intensive support to young people with significant needs and risk factors, based on their assessed need, and for support to flex so that a young person receives the 'right help at the right time'.
- Provision of move-in and move-on support based on need, to reduce difficult or traumatic transitions for young people and support tenancy sustainment into independent living.
- A flexible supply of accommodation that supports young people to remain in an area where they have a local connection, where this is the best option for them.

3.17 Consultation with young people in 2019 and 2020 identified the following areas of importance (full reports are supplied as Appendices 1 and 2):

- Support around maintaining financial stability
- Help with life skills and becoming independent
- Mental health support
- Feeling safe and secure
- The right support at the right time
- Support moving on into independent living

Performance management

3.18 The high-level outcomes that the service will seek to achieve are detailed below, along with draft indicators of impact. The Council will develop these in further detail with successful provider(s) as well as involving key stakeholders such as Local Housing Authorities. These will measure the impact of the support on improving outcomes for young people, as well as the success of the contracting model and the delivery of system change in the approach to supporting young people into independent living.

Outcome	Draft Indicators	Draft Performance Measures
Young people live in safe, appropriate accommodation	% young people with a tenancy % in accommodation that meets their assessed needs	% accommodated of those referred who meet eligibility criteria % accommodated within target timescale % accommodation units meeting required standards
Young people maintain good physical and mental health	% young people registered with GP and dentist % young people who confirm their physical/mental health needs are being met	% GP/dentist registrations within timescale % young people with identified health needs referred to external services
Young people are accessing education, employment or training (ETE)	% young people in ETE after 3/6/12 months in the service, compared to at referral. % young people engaged in other regular positive activity	% young people engaging in positive activities delivered by the service
Young people are able to sustain a tenancy and live independently	% young people with an income stream. Number of young people with debt on entry to the service / at move on from the service.	Decreasing % young people with rent arrears Decreasing % young people with other debt Increasing % young people with payment plans Decreasing incidents of ASB
Young people have a social and support network	Number/% young people who say they have someone to turn to for support. Number/% young people who say they feel lonely/isolated.	Number/% of young people engaging in regular support. Number/% young people engaged in regular social or leisure clubs/activities.

Proposed Procurement Approach

- 3.19 Due to the complex nature of the requirements, a range of contractual models have been explored and tested with the market and market responses have informed the rationale for the recommended option.
- 3.20 An open, single stage procurement is proposed, with extensive engagement with the market prior to the launching of the tender. This will provide opportunity to:
- Develop the market through supporting networking and partnerships;
 - Test key elements of the specification where change is desired such as transition arrangements, management of voids and workforce development;
 - Use market intelligence to inform and increase attractiveness of the tender.
 - Inclusion of break clauses at standard points.
 - Notice periods for break clauses will be 6 months, due to the nature of the service and the associated accommodation rights (as tenants) that young people have.

3.21 Based on market analysis and engagement carried out by ECC, it seems likely that there is no that no single provider has indicated that they could deliver the entire service as no one currently has required number and spread of properties. This means that the providers will need to take a collaborative approach alongside market development. Therefore, the tender timescales are proposed to be longer than usual, to give providers time to collaborate and develop partnerships, maximising the opportunity for new entrants to the market in Essex to respond. The Council will look to accept a single tender but that tender could be:

- a single provider
- a single provider with sub-contractors
- a consortium approach between providers (possibly also involving some sub-contractors).

3.22 The rationale for an Essex wide contract is as follows:

- Maximises the likelihood of a flexible delivery model that can respond to changes in demand and need through responsive deployment of staff in different parts of the county and flexing the accommodation portfolio countywide.
- Maximises consistency and enables robust performance management while retaining potential for localised delivery via sub-contractors.
- Market testing identified limited interest in tender based on a series of lots (either geographical or by need) due to this breaking up the budget into smaller chunks that become less financially sustainable to deliver.

3.22 The proposed evaluation weighting is as follows:

Price	30%
Quality	70% (of which social value may be up to 10%)

3.23 The rationale for a weighting of 30% for price is as follows:

- Cost modelling based on the current delivery model has indicated it is unlikely that the minimum requirements can be delivered for less than the budgeted contract value, therefore a higher price weighting would be unlikely to deliver value for money as cost savings would come at the expense of quality of support delivered.
- Research (outlined in section 3.12) has identified alternative delivery models which may deliver the outcomes for less; there may also be other delivery models that ECC is not aware of. Therefore, it is proposed that there should be a 30% weighting on price to enable ECC to ensure value for money should a lower cost viable bid be received. Bids in excess of the budget will be not be considered.

3.24 The rationale for a weighting of 70% for quality (including social value) is as follows:

- The quality of the service is key, in terms of the support that is provided to vulnerable young people. Value for money will be evidenced in improved outcomes for young people, rather than in limited annual savings.
- There are a number of elements that will be critical to improving outcomes and for which adequate weighting is required in order to differentiate bids to a sufficient degree. These include workforce training and development, core competencies, delivery model, approach to testing, learning and innovation, approach to flexibility and responding to changing demand.
- A number of potential opportunity areas for maximising social value have been identified within this contract that align particularly to the following outcomes: Increasing sustainable employment within Essex, Increasing the skills of people within Essex, improving the health of people in Essex and improving opportunities for young people in Essex.
- Market testing with providers has indicated that there are particular social value opportunities in relation to apprenticeships, volunteering and supporting young people into the workplace.

4. Options

4.1 The options for consideration are set out in the table below:

<p>Option 1 (recommended): To launch a tender for a single contract for a countywide housing related support service for vulnerable young people, using an open single stage procurement procedure to meet ECC's minimum requirements and delivery principles outlined in section 3 above, for a contract term of 5 years with the option to extend for a further 2 years within a budget of £2.575m annually.</p>	
Benefits	Risks and Mitigations
<p>Maximises the likelihood of competition driving innovation and improvement, as market engagement has indicated greater appetite to tender for this option, compared to the other options considered.</p> <p>Reduces risk of procurement failure through increasing likelihood of receiving more than one viable bid.</p> <p>Up to 7-year term increases opportunity to find an innovative solution that may incorporate a shift of resource over time from traditional accommodation units to alternative delivery models, which may result in improved</p>	<p>Risk that the procurement fails due to limited market interest – mitigated through early and extended engagement with the market to develop and test aspects of contractual delivery.</p> <p>Risk that only the current incumbents are in a position to bid – mitigated through extending the tender period to allow the market time to develop partnerships; supporting the market with networking and collaboration events, incorporating an extended transitional period to allow successful time to mobilise and bespoke contractual terms and conditions to support this.</p>

<p>outcomes such as; increased tenancy sustainment, reduced risk of future homelessness and reduced anti-social behaviour and substance misuse, thus leading to potential cost savings across the wider system.</p> <p>Improved Value for Money in a longer contract term, due to the considerable mobilisation costs associated with a contract of this nature and the limited appetite from the market to bid on shorter contracts.</p> <p>Improved staff retention for the successful provider/s as a longer contract term offers more stability.</p>	
<p>Option 2 (not recommended): To launch an open single stage procurement for a contract in two lots:</p> <ul style="list-style-type: none"> • Countywide accommodation (£0 value, all income generated from rental income from tenants) • Countywide support (£2.575m annually) 	
Benefits	Risks
<p>The lot for countywide support is likely to generate significant market interest, based on market engagement.</p> <p>Additional competition in this Lot may drive improvements in the quality of support and ultimately outcomes for young people.</p>	<p>Market research and engagement has indicated no interest from the market in bidding solely for the accommodation, due to challenges of financial viability where this is not accompanied by the income for the support element.</p> <p>No interest from supported housing providers in the accommodation element, due to this not aligning with their core business of supporting tenants.</p> <p>Service failure if appropriate accommodation is not sourced alongside the support.</p> <p>Risk of increasing numbers of young people presenting as homeless, or being housed in inappropriate temporary accommodation if accommodation is not available alongside support.</p>
<p>Option 3 (not recommended):</p>	

A framework contract for delivery of accommodation and support, with multiple providers competing for placements via a mini competition process.	
Benefits	Risks
<p>Minimises the risk to ECC of paying for provision that is not used, as placements are procured as the need arises on a case by case basis.</p> <p>Model in use for many social care accommodation options for Children in Care including Semi-Independent Accommodation, therefore this is a known and familiar model for ECC.</p>	<p>High risk of procurement failure due to little/no interest from the market in a framework model for this service, as there is no guarantee of income and profit margins are very different than in other frameworks ECC procures (Semi-Independent Accommodation for example). This difference being due to the accommodation here being funded via young people's own income streams, primarily Housing Benefit.</p> <p>High risk of young people not being able to be accommodated safely and promptly, due to providers being unable to source suitable accommodation that can be let at housing benefit rates.</p> <p>Risk of demand outstripping supply, resulting in escalating costs and/or young people facing lengthy waiting times for supported accommodation.</p>
Option 4 (not recommended): Do nothing	
Benefits	Risks
<p>Cost saving of £2.575 million annually for ECC.</p>	<p>Risk of legal challenge of failing to meet statutory duties in relation to young people and care leavers at risk of homelessness unless these needs can be met in alternative ways.</p> <p>Risk of reputational damage if vulnerable young people are not able to access support that meets their needs.</p> <p>Risk of poorer outcomes for young people if they are placed in general needs supported accommodation with other potentially more vulnerable tenants up to the age of 65.</p> <p>Risk of service failure in final months of the Contract as it will become increasingly difficult for current providers to recruit or retain staff.</p>

5. Links to Essex Vision

5.1 This report links to the following aims in the Essex Vision

- Provide an equal foundation for every child
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world
- Share prosperity with everyone

5.2 This links to the following strategic aims in the Organisational Plan:

- Help people get the best start and age well

6. Issues for consideration

6.1 Financial implications

6.1.1 The agreed annual budget in the Medium Term Resources Strategy (MTRS) for the HRS service is £2.575m. No savings are included in the budget.

6.1.2 Cost modelling has indicated that this level of resource will be able to provide countywide support to approximately 250 young people annually on commencement of the new service. Market engagement with potential providers has indicated that this forecast is reasonable and attainable. However, the future delivery model will be flexed accordingly whilst meeting minimum service requirements to fit within the overall resource envelope.

6.1.3 Indicative forecasts shared with the market are as follows:

Cohort of Young People (by need)	Volume	24/7 Support Needed	Cost Per Cohort (£)
Low	50	No	94,900
Medium	120	No	313,200
High Need	76	Yes	1,803,100
Specialist	14	Yes	345,400
Total	250		2,556,600
Move-on Support	200		18,000
Total			2,574,600

6.1.4 If the volumes of young people entering the service exceed current anticipated demand and it is not possible to mitigate costs through efficiencies and reductions in unit costs additional funding may need to be requested, however this would follow a formal approval route.

6.2 Legal implications

- 6.2.1 ECC is a contracting authority for the purposes of the Public Contract Regulations 2015. The value of the proposed contract is above the financial threshold (currently set at £663 540) and the nature of the service is one that falls under Schedule 3 of the PCR 2015. The procurement of these services must be undertaken in accordance with the light touch regime as set out in regulations 74 to 76 of the PCR 2015.
- 6.2.2 It is important to note that this report relates to the provision of support services for young people where the Council is not under a duty to provide accommodation. The provision of accommodation by the provider reflects the fact that this is often the most convenient way of providing support.

7. Equality and Diversity implications

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.
- 7.4 The equality impact assessment identifies the following positive impacts on certain protected characteristics in relation to the recommended option:
- Age – Positive. This service is specific to those aged 16-21 and provides accommodation for those cohorts that meet the criteria.
 - Learning Disability – Positive. 66% of the 2019-20 cohort of Looked After Children have identified SEN. Care Leavers are the largest cohort of young people entering the service, therefore the service will continue to cater for a higher proportion of young people with learning needs than the general population.

- Disability – Mental Health – Positive. Nearly 60% of service users identified as having a mental health need in 2019. The service will continue to support young people, including those with specific and complex health needs or mental health conditions. A requirement of the new service will be the workforce to be trained in a relational, trauma-informed approach to underpin their interactions with young people in order to improve mental health.
- Pregnancy/Maternity – Positive. Young parents, or young women who are pregnant, are a specific cohort of young people who are supported by the service and therefore have access to appropriate accommodation and support around their parenting needs.

8. List of appendices

Appendix One: Engagement with young people report 2019

Appendix Two: Follow up engagement with young people 2020

Appendix Three: EQIA

9. List of Background papers

None