

**Forward Plan reference number:** FP/710/05/20

<b>Report title:</b> Housing Related Support for Young People aged 16+: Contract Extension	
<b>Report to:</b> Councillor Louise McKinlay, Cabinet Member for Children & Families	
<b>Report author:</b> Chris Martin, Commissioning Director – Children, Mental Health, Learning Disabilities and Autism	
<b>Date:</b> 02/07/2020	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1. Purpose of Report

- 1.1 To provide a summary of the options considered in relation to the planned procurement of the Housing Related Support (HRS) for Young People Service, as a result of the impact of Covid-19.
- 1.2 To seek agreement to proceed with the recommended option to extend the current contract to 31<sup>st</sup> May 2022.

## 2. Recommendations

- 2.1 To agree the recommended option to extend the current contract by a further 14 months up to the maximum 2-year period until 31<sup>st</sup> May 2022.
- 2.2 To agree a 3% uplift on this 14-month extension in line with the previously agreed extension period. The total cost of the 14-month period inclusive of the 3% uplift is £3,004,166 in 2020/2021; £2,575,000 in 2021/22 and £429,166 in 2022/23.

## 3. Summary of issue

- 3.1 ECC has a number of statutory duties relating to the provision of assistance with accommodation and support for young people aged 16 and over, which includes a statutory duty to meet the needs of the most vulnerable children and young people, such as care leavers, and youth at risk of homelessness where they have had a statutory Child in Need assessment or assessed as very vulnerable and at risk of becoming a Child in Need. One of the services that ECC commissions to meet these statutory duties is known as the Essex Young People's Partnership (the Service). This service aims to deliver Housing Related Support (HRS) post-16 accommodation support for the following cohorts of young people:
  - Aged 16 and 17 years old at risk of homelessness.

- Additional young people aged 18 to 21 years old at risk of homelessness and are assessed as having specific vulnerabilities.
  - Care Leavers
  - Vulnerable young parents up to the age of 21 years old with additional support needs.
- 3.2 The Service includes assessing young people to ensure that their needs are identified in order to make matching and placement decisions; providing information, advice and guidance on basic life skills; early intervention and prevention; and helping young people manage social isolation, education, training and employment. This Service does not cover accommodation costs, which is met by young people's own income streams (welfare benefits or earned income). ECC's Service does meet the cost of support provided to young people as a result of their housing needs.
- 3.3 ECC currently have a contract with Nacro, a registered housing provider, for delivery of the Service ("the Contract"). The Service is delivered by Nacro with one sub-contractor ("Peabody"). The initial contract period was 3 years from 1st June 2017 – 31st May 2020 with an option to extend for up to a further 2 years. An initial extension was agreed via a Cabinet Member Action (Forward Plan reference KD04 FP/573/11/19) for the 10-month period 1<sup>st</sup> June 2020 – 31<sup>st</sup> March 2021. Nacro are providing an acceptable service that meets ECC's requirements in respect of safeguarding and the provision of support. Since early 2020 Nacro have streamlined how they provide the service and during the COVID-19 pandemic have worked closely with ECC to minimise effect on service users.
- 3.4 The annual value of the contract is £2.5 million. The current 10-month extension includes a 3% (£62,500) uplift on the current contract value to support National Living Wage increases, one-off property costs and additional staff to support the higher numbers of young people with complex needs.
- 3.5 The commissioning intention had been to seek agreement from Cabinet to proceed with the procurement of a new service to commence 1st April 2021 to include reshaping of the accommodation requirements, support model and workforce to deliver the service, with the procurement to commence in autumn 2020.
- 3.6 As a result of the Covid-19 pandemic, the market in supported accommodation is experiencing a number of pressures including:
- Changes in demand due to service users remaining in supported accommodation longer than planned, eligible young people not being able to move into the service and shortages of available accommodation for move on
  - Limitations and changes in service delivery due to staff absence and social distancing measures
  - Limitations on resource to respond to tenders, due to furloughing of staff and/or sickness absence.
  - Providers unsure of their long-term sustainability

3.7 Following consideration of the factors outlined in paragraph 3.6, it is proposed to extend the Contract and proceed with the procurement as soon as market conditions are favourable rather than in autumn 2020 in order to minimise the risks of a failed procurement due to the market not being in a position to respond. Also, once the market settles post COVID-19, ECC will be in a position to develop a service in light of relevant market conditions and changes in demand, which at this stage is unknown.

#### 4. Options

<p><b>Option 1 (preferred option)</b></p> <p>To extend the current contract for up to the full 2-year period until May 2022. Earlier termination would be possible by mutual agreement, should market conditions prove favourable.</p> <p>To continue with preparation for re-procurement, including Cabinet approval, to enable ECC to proceed with tendering for the new service to commence 1<sup>st</sup> June 2022, or earlier if market conditions prove favourable.</p> <p>The cost of the proposed 14-month extension (1<sup>st</sup> April 2021- 31<sup>st</sup> May 2022) is £3,004,166. This includes a 3% uplift as was agreed for the current extension period.</p>	
<p><b>Benefits</b></p> <p>Enables ECC to tender for the new service at a favourable time, maximising the appetite from the market to respond.</p> <p>Maximises likelihood of ECC receiving competitive and high quality bids.</p> <p>Maintains safety and continuity for the young people in the service through and beyond Covid-19.</p> <p>Reduces the likelihood of a new provider experiencing mobilisation issues due to Covid-19.</p> <p>Reduces the likelihood of legal challenge from the market compared to option 2.</p> <p>Protects the sustainability and consistency of delivery of the service for ECC and for young people.</p>	<p><b>Risks and Mitigations</b></p> <p>ECC unable to drive significant improvements to the current service – <i>mitigated through review of performance management and delivery options within scope of current contract.</i></p> <p>Risk of current spread of accommodation not meeting requirements, leading to voids in some parts of the county and a shortage of accommodation in others – <i>mitigated through review and agreement with providers of changes to accommodation units within confines of current contract and agreement of a limited lettings policy in relation to voids.</i></p>
<p><b>Option 2</b></p>	

Continue as planned with a procurement for a new service to commence on 1<sup>st</sup> April 2021.

<b>Benefits</b>	<b>Risks</b>
Enables ECC to proceed with the planned commissioning to meet changing demand and improve outcomes for young people.	<p>Risk of procurement failure due to impact of Covid-19 on the market, leaving providers with limited capacity to respond to a tender.</p> <p>Risk of failure at mobilisation due to impact of Covid-19 leading to a successful bidder struggling to procure properties, recruit staff or manage mobilisation effectively.</p> <p>Risk of ECC being open to legal challenge in relation to advantageous treatment of current incumbents, due to the difficulties new providers would have in bidding and mobilising.</p> <p>Risk of the newly procured service not being fit for purpose due to as yet unforeseen changes in demand as a result of Covid-19.</p>
<b>Option 3</b>	
Make a direct award to current provider under regulation 72	
<b>Benefits</b>	<b>Risks</b>
Enables both continuity of service provision for young people and for ECC to meet changing demand and drive improvements via a new contract.	Legal challenge due to the length of the proposed contract, as the unforeseen impact of Covid-19 would not justify a direct award for a 5 year contract.

## 5. Issues for consideration

### 5.1 Financial implications

5.1.1 £2.5m per annum is included in the 2021/22 and 2022/23 Medium Term Resourcing Strategy to fund the HRS contract with Nacro. The 3% uplift to allow for costs associated with ensuring that the occupied properties are fit for purpose and appropriate staffing to support the most complex cases will incur an additional cost of £87,500 over 14 months.

<b>Period</b>	<b>Additional Cost (£)</b>
April 2021 to March 2022	75,000
April 2022 to May 2022	12,500
<b>Total</b>	<b>87,500</b>

5.1.2 The 3% uplift agreed in the original contract extension to 31<sup>st</sup> March 2021 was funded through re-prioritising existing resources within the Children and Families portfolio. The same approach will be taken for the period of 1<sup>st</sup> April 2021 to 1<sup>st</sup> June 2022.

## **5.2 Legal implications**

5.2.1 ECC is a contracting authority for the purposes of the Public Contracts Regulation 2015 (PCR 2015). This is a social services contract which comes under the PCR 2015 light touch regime. The value is above the financial threshold (currently set at £663 540) and ECC must ensure that it complies with the PCR 2015 when modifying contracts during their term.

5.2.2 The terms of the contract entered into between ECC and Nacro expressly allows ECC to extend the contract by a period of up to two years. The total requested uplift on the current contract value for the total 2 year extension period is £150,000 which is below the relevant threshold and less than 10% of the initial contract value. The contract variation therefore falls within regulation 72(1) of the Public Contract Regulations 2015.

## **6. Equality and Diversity implications**

6.1 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.

6.2 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).

6.3 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. List of appendices**

Appendix 1: EQIA

## 8. List of Background papers

CMA KD04 FP/573/11/19

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b> <b>10/08/2020</b>
<b>Councillor Louise McKinlay, Cabinet Member for Children &amp; Families</b>	

### In consultation with:

<b>Role</b>	<b>Date</b>
<b>Helen Lincoln, Executive Director, Children and Families</b>	05/08/2020
<b>Executive Director for Finance and Technology (S151 Officer)</b> <b>Stephanie Mitchener on behalf of Nicole Wood</b>	27/07/2020
<b>Director, Legal and Assurance (Monitoring Officer)</b> Susan Moussa on behalf of <b>Paul Turner</b>	16/07/2020