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REPORT TO:	Cabinet Member for Homes and Gateway Services
SUBJECT:	Contract extensions for supported housing for the homeless
LEAD OFFICER:	Guy Van Dichele, Executive Director of Health, Well Being and Adults Julia Pitt Director of Gateway
CABINET MEMBER:	Councillor Alison Butler, Cabinet Member for Homes and Gateway Services Councillor Callton Young, Cabinet Member for Finance and Resources
WARDS:	All
<p>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON Corporate Plan for Croydon 2018-2022 This approach supports the following corporate priorities as set out in the Corporate Plan 2018-2022:</p> <p>Our Children and Young People thrive and reach their full potential – relieving homelessness and supporting young people to be aspirational, maximizing their independence and making sure they are safe, healthy and happy.</p> <p>Locality Matters: Develop services that are place based and integrated within their local community and tailored to local needs.</p> <p>People live long happy & healthy lives: Invest in the voluntary and community sector to reduce inequality and increase the resilience of communities and individuals.</p> <p>Good, decent homes, affordable to all: Develop our Homelessness Prevention Strategy and assist and enable our residents to secure accommodation, supporting vulnerable residents to increase resilience and independence.</p>	

FINANCIAL IMPACT

The recommendation is in relation to four separate contracts and therefore a combined amalgamated value is not appropriate.

Extending the four separate contracts to the 30th June 2021 will have the following impact:

- Evolve Housing & Support: Palmer House; Extension by variation of 13 months to 30/06/21 at an additional annual cost of: £394,153
- Evolve Housing & Support: Alexandra House; Extension by variation of 13 months to 30/06/21 at an additional annual cost of: £233,064
- Evolve Housing & Support: Ingram Court; Extension by variation of 13 months to 30/06/21 at an additional annual cost of: £311,895
- Evolve Housing & Support: Fitze Millennium; Extension by variation of 13 months to 30/06/21 at an additional annual cost of: £152,519.25

The extension for each individual contract will be made under existing terms and conditions, and budgetary provision is available within the 'Accommodation and Support' budget.

FORWARD PLAN KEY DECISION REFERENCE NO. 4720HGS

The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.

1. RECOMMENDATIONS

The Leader of the Council has delegated to the Cabinet Member for Homes and Gateway Services in consultation with the Cabinet Member for Finance and Resources the power to make the decisions to extend by way of variation in accordance with Regulation 30 of the Council's Tenders and Contracts Regulations:

- 1.1 The 'Palmer House' contract (procured via the Integrated Framework Agreement) awarded to Evolve Housing & Support for an extension period of 13 months to 30th June 2021 at a cost of £394,153 for a maximum aggregated contract value of £2,213,318.
- 1.2 The 'Alexandra House' contract (procured via the Integrated Framework Agreement) awarded to Evolve Housing & Support for an extension period of 13 months to 30th June 2021 at a cost of £233,064 for a maximum aggregated contract value of £1,308,744.
- 1.3 The 'Ingram Court' contract (procured via the Integrated Framework Agreement) awarded to Evolve Housing & Support for an extension period of 13 months to

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30th June 2021 at a cost of £311,895 for a maximum aggregated contract value of £1,751,410.

- 1.4 The 'Fitze Millennium' contract awarded to Evolve Housing & Support for an extension period of 13 months to 30th June 2021 at a cost of £152,519.25 for a maximum aggregated contract value of £856,454.25.
- 1.5 To note a report detailing commissioning intentions, procurement strategy and any specific arrangements to end current contracts will be presented to Cabinet Member for Families, Health and Social Care, Cabinet Member for Children's, Young People and Learning, Cabinet Member Homes and Gateway Services and the Cabinet Member for Finance and Resources in November.

2. EXECUTIVE SUMMARY

- 2.1 In order to provide strategic oversight of the individual contracts this report proposes to extend with the single incumbent provider, all current contracts have been included within this report. Each contract is separate with their own set of terms & conditions procured via the Integrated Framework Agreement, therefore, will be extended & governed on an individual basis.
- 2.2 The Council has a statutory duty to provide access to these services as outlined within The Homelessness Reduction Act 2017. The Council must provide access to emergency and temporary accommodation.
- 2.3 In order to fulfil the statutory duty The Council has commissioned four separate services, each with an individual contract in place:

Two hostels provide vital services for single adults who are homeless;

 - a) 'Palmer House' currently provided by Evolve Housing & Support.
 - b) 'Alexandra House' currently provided by Evolve Housing & Support.

Two hostels provide vital services for young people who are at risk of homelessness and rough sleeping from the ages of 16-29;

 - c) 'Fitze Millennium' currently provided by Evolve Housing & Support.
 - d) 'Ingram Court' currently provided by Evolve Housing & Support.
- 2.4 Evolve has provided a satisfactory service over the last few years, with the hostels offering a supportive environment for people to stay. The occupancy rates across the 204 commissioned beds in the four hostels average at 96.1%. The service could be more flexible and allow other providers to operate within the buildings to support individuals.
- 2.5 However, this contract has breached Public Contract Regulations by extending beyond the original agreed extension period. There has been insufficient oversight on our housing support contracts and more contract management resource has now been allocated to undertake a strategic commissioning review across all related contracted provision. Extending the

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current arrangements will allow full consultation with stakeholders as part of the review. Recommissioning next year will give an opportunity to revisit the service delivered, guarantee the best value for money outcome as well as ensure we are compliant with contract regulations. Extending the current arrangements will also allow full consultation with service users to ensure that services remain fit for purpose and can be redesigned as required and appropriate.

- 2.6 There is budgetary provision within the service for each of the current contracts to continue. The commissioning work on these contracts is urgent and every effort will be made to complete recommissioning work before the recommended extension end date of 30 June 2021 and exit these agreements early. Any housing related support can be commissioned very quickly via the Dynamic Purchasing System set up earlier this year. A commissioning intentions report will go to Contracts and Commissioning Board and be discussed with relevant Cabinet Members by the end of November.
- 2.7 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
01/10/2020	CCB1615/20-21

3. DETAIL

Background

- 3.1 In 2013/14 the council, in partnership with the Croydon Clinical Commissioning Group, undertook a procurement exercise to establish an Integrated Framework Agreement (IFA) for care, support and health related services. This was designed to enable people to live independently in the community and/or stay within their own homes. The IFA was taken to CCB on 19th June 2014 and taken to Cabinet on the 14 July 2014. (KEY DECISION REFERENCE NO.: 1289; CCB APPROVAL REFERENCE NUMBER.: CCB0914/14-15)
- 3.2 The Council developed the IFA to bring together all community based social care services under a single arrangement (organised into specific 'Lots' and 'sub-Lots'). This approach was intended to provide the Council with a more coherent and joined up approach to providing services.
- 3.3 The original IFA came to an end on the 1st of October 2018 however the decision was made to extend the arrangement due to the lack of alternative options. An 18 month extension of the IFA was secured and this allowed the council to fulfil its statutory duties whilst the new Dynamic Purchasing System was being implemented. (KEY DECISION REFERENCE NO.: 2918FR, CCB APPROVAL REFERENCE NUMBER.: CCB1389/18-19). This extension expired on 1st April 2020.

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- 3.4 At the time the IFA was taken to cabinet, the total value of spend that fell under the auspices of the framework agreement was £86m over a 4 year period. This comprised of £78m from the Council for social care services and £8m from the CCG specifically for continuing health care services (which has never included any supported housing contracts). Although the Council has retained the option to purchase services outside the framework agreement and has done so to various degrees across all the services.
- 3.5 At the time the IFA was extended, spend by Croydon council (not including the CCG) was an estimated £72,337,496.06 which is under the £78m projected spend. The 18 month extension was expected to add a maximum value of up to £24,861,537.72 and take the aggregated total for the IFA to an estimated £97,199,033.78.
- 3.6 All four Evolve contracts were separately procured in 2015 from the aforementioned Integrated Framework Agreement for an original term of 5 years (3+2). The current and last term was due to end 31 May 2020 and the proposed extension will take the contract end date to 30th June 2021.

Context

- 3.7 The current contracts support a wide range of Croydon residents in order to access accommodation based housing support. Evolve Housing & Support provide access to a number of units. The specification for each of the units is highlighted within this report.
- 3.8 There are a number of key reasons Croydon residents become homeless, and this service is required:
- Loss of assured shorthold tenancy
 - Parental evictions
 - Conflicts with the family / relationship breakdown
- 3.9 Key statistics in relation to the four locations are below:

2019/20 Statistics	Palmer House	Alexandra House	Fitze Millennium	Ingram Court
Hostel capacity	60	80	80	44
No. commissioned beds	60	50	50	44
Average occupancy	95.8%	97.3%	94%	97.3%
No. new service users	57	54	35	60
No. open service users (Snapshot 31/3/20)	59	46	48	44
No. users at risk of homelessness, (figure taken is current residents and residents who have left.	111	107	86	105
Current Care Leavers who may require support in the future	0	0	0	5

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- 3.10 The four Evolve Hostels have supported 206 new individuals over 2019/20. Average occupancy is over 95% and any void periods are mostly due to maintenance (cleaning and repairing rooms for future use). The numbers of rough sleepers has risen from 157 to 274 in five years (2014 to 2019). The trends have continued in 2019 to 2020. In March and April 2020 rough sleeping figures increased by approximately 500%. Rough sleepers are defined for the purpose of the statistics as "people sleeping, or bedded down, in the open air (such as on the streets, or in doorways, parks or bus shelters); people in buildings or other places not designed for habitation (such as barns, sheds, car parks, cars, derelict boats).

The Homelessness Reduction Act 2017

- 3.11 There are three key duties that this Act places upon Local Authorities:

- Prevention: Councils must take reasonable steps to either help their residents to stay in their current accommodation or help them to secure new accommodation. All eligible households, regardless of priority need, intentionality, or local connection must be helped by the Council.
- Relief: Councils must take reasonable steps to help secure accommodation for any residents who are eligible, regardless of priority need. Residents in priority need are provided with interim accommodation, and the Local Authority must resolve their homelessness.
- Refer: Public authorities in England must notify the relevant Local Authority of service users that they believe are either homeless or are at risk of homelessness.

- 3.12 These hostels contribute to discharge of our duties by providing accommodation and support that prevents and relieves current and future homelessness by equipping vulnerable homeless individuals with independent living skills and enabling them to move onto independent living.

The provider

- 3.13 Evolve is a leading homelessness charity in London, providing housing and support to over 2,000 people each year. Their aim is to help children, young people and adults who are homeless or at risk of homelessness to become independent and resilient. Evolve began as Croydon YMCA which was first formed in 1861. They rebranded in 2015 and became Evolve Housing & Support. Evolve provides support in the London Boroughs of Bromley, Croydon, and Lambeth, Lewisham, Merton, Wandsworth and the Royal Borough of Kensington and Chelsea and Kingston-Upon-Thames. The also contracted with Croydon

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The services

- 3.14 All of the services listed below are monitored quarterly and performing satisfactorily. The provider does not allow other providers to operate within the buildings. The intention is for closer monitoring of these services, an improved set of KPIs and support increased flexibility of the provider.
- 3.15 **Palmer House** - Accommodation based support for 60 people. The service is intended to be short term, approximately one year and will be a safe environment for those with complex needs to access support and have opportunity to make positive choices and changes. The culture and ethos of the project is that it is a 'Place of Change'. Customers will be both supported and challenged to make positive steps however small or large these may be. The service offers flexibility in response to the needs of service users. This includes recognition that the support needs of service users will not conform to a normal 9-5 working day and requires support outside of these hours. The service will provide 24hr staffing in recognition of the nature of the client group.
- 3.16 **Alexandra House** - Accommodation based support for 50 people. A Supported housing scheme for homeless adults providing step down services onto alternative accommodation post tenure. The service offers flexibility in response to the needs of service users. This includes recognition that the support needs of service users will not conform to a normal 9-5 working day and require support outside of these hours. The service provides 24hr cover in recognition of the nature of the client group.
- 3.17 **Fitze Millennium** - Accommodation based supported housing service, for young people aged 18-30. Service users include care leavers who are Croydon residents in need of housing related support to enable them to return to the family home or move on to their own accommodation. Fitze Millennium is a short term service which provides 50 self-contained shared accommodation units for up to 2 years. A further 30, unsupported, step-down units are available within the service, however, these are not commissioned by the Council but are available for use solely by the same client group.
- 3.18 **Ingram Court** - Accommodation based supported housing service, for children and young people aged 16-24. Service users include care leavers who are Croydon residents who are in need of housing related support to enable them to return to the family home or move on to their own accommodation. This is a short term service which provides 44 self-contained shared accommodation units to young people for up to 1 year. A short term assessment centre is included within the 44 units. Due to the nature of the client group, the service provides 24 hour working cover. The service supports young people to be aspirational about maximising their independence and referring them to local or alternative services, where necessary.

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Rationale for the contract extensions and future commissioning proposal

- 3.19 **Service Stability:** Extending the current contracts for a period of 13 months will provide stability for service users whilst future commissioning intentions are fully discussed and explored. The Local Authority currently commissions a number of services from Evolve, therefore, there is also a responsibility to ensure stability of the local supplier during the exit & transition period.
- 3.20 **Fulfil the Statutory requirement:** The current contracts are due to expire. There is a statutory requirement to ensure Croydon residents have access to the services that are provided. Extending the current contracts will enable the Local Authority to fulfil the statutory obligation.
- 3.21 **Undertake an options appraisal & needs analysis:** Extending the current arrangements will enable sufficient time to undertake a full options appraisal and needs analysis in relation to the future service delivery. This will not be possible unless the current arrangements are extended particularly when having to consider the continuation of statutory service provision and increase in demand.
- 3.22 **Strive towards outstanding:** During the recent Ofsted inspection (February 2020) it was identified that services for homeless 16-17 years olds are significantly underdeveloped and results in poor experiences for young people. Whilst steps have been taken to address individual issues there is still work to be done to ensure greater oversight and strategic direction. Extending the current arrangements will allow time to appropriately plan and implement new arrangements to address these issues as we continue the journey to become outstanding. The support in Ingram Court is part of the borough's offer for 16 to 17 year olds and will be looked as part of this improvement.

Future Proposal

- 3.23 Should it be agreed to extend the current individual contracts until 30th June 2021, it will allow sufficient time to undertake the following:
- **By November 2020:** Undertaking of full options appraisal and review of services. Options include open procurement of existing service model, developing a new service model amalgamating existing individual specifications and delivering more service in-house. The commissioning intentions will go to Contracts and Commissioning Board by the end of November. This report will include details about the end of the current contract and how transition arrangements will be managed.
 - **January to March 2021:** Tender process (if applicable) undertaken
 - **March/April 2021:** Appropriate exit and step down arrangements to be put in place for existing contracts
 - **April/May 2021:** Relevant service structures to be in place to manage the proposed in house service and out-sources provision
 - **1st June 2021:** New service(s) go live.

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4. CONSULTATION

- 4.1 Consultation with key senior stakeholders has taken place including The Head of Homelessness and Housing Need, Single Homeless Service manager, Lead co-ordinator Gateway Rough Sleeping, Executive Director - Children, Families and Education, Head of SPOC and Assessments and Head of Adolescent Services.
- 4.2 Stakeholders are in agreement that service delivery needs to be maintained in order to meet statutory duties to accommodate vulnerable young people whilst these implications are clarified.
- 4.3 The current service provider, Evolve, has been consulted and they are agreeable to the 13-month extension of the above mentioned individual contracts.
- 4.4 Further consultation will form part of the re-commissioning of the contracts in the future. This will include market engagement and consultation with all stakeholders. This will be discussed further in the subsequent future RP1 & RP2 reports.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

Revenue and Capital consequences of report recommendations

Note: Each individual contract is separate, however, for the purpose of demonstrating the financial impact on the budget a combined total has been illustrated:

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2020/21	2021/22	2022/3	2023/24
	£'000	£'000	£'000	£'000
Revenue Budget available				
Expenditure	840	251	na	na
Income				
Effect of decision from report				
Expenditure	840	251		
Income	n/a	Na		
Remaining budget	0	0		

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The effect of the decision

- 5.1 The proposal is for the existing individual contracts to be extended for 13 months by way of variation. This will be in line with the Council's standard terms and conditions that are currently in place for each separate service.
- 5.2 The service has budget available for the continuation of the current individual contracts within the total accommodation budget of £2.648m in the Gateway Service Improvement department
- 5.3 There is no impact upon service delivery as a result of implementing the proposed extension.
- 5.4 Evolve support the proposed extension for a period of up to 13 months.

Risks

- 5.5 The following risks have been identified and are being actively managed within the service:

Risk	Mitigation
Risk that the services do not deliver	<p>The individual contracts are rigorously monitored with challenging standards, targets and performance indicators that should mitigate against non-delivery.</p> <p>Performance will continue to be monitored during the extension period and the potential exit process.</p>
Risk of challenge from another supplier	<p>Officers recognise that the current proposals are not compliant with Public Contracting Regulation 72. There is therefore a potential risk of challenge from suppliers, however, this is deemed relatively low given the duration and value of the proposed extension.</p> <p>The COVID-19 pandemic, and the activity that ensued meant that the timely work that was supposed to be completed for March 2020 was not completed in time, however it also has afforded some flexibility around procurement regulations.</p> <p>In any event, following the expiry of the proposed extension period the aim is to either bring the service in house, or to retender via an open procurement exercise that will help mitigate any potential risk.</p> <p>Should the service be retendered then there is a current DPS that could potentially have an additional lot added. Should this be the case then services can be recommissioned quickly via this approach.</p>

	The service will begin engaging with the market in the coming months and options will be fully explored in subsequent RP1 & RP2 reports.
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Options

- 5.6 The following options have been considered and rejected. Please refer to section 12 within this report for further detail.
- Don't extend the current individual contracts: **Rejected**
 - Immediately re procure the services : **Rejected**
 - Extend the individual contracts with the incumbent provider: **Recommended**

Future savings/efficiencies

- 5.7 The extension will allow for a review of the services and re-alignment to meet statutory obligations, and changing need as well as address the issues highlighted by Ofsted. The review will also take into account opportunities for future savings/efficiencies.
- 5.8 The most severe extent of homelessness or rough sleeping can cost up to £20,000 per person per year. (At What Cost, Crisis 2015).
- 5.9 Services that relieve and prevent homelessness, and, it's most severe form, rough sleeping can create savings to the public purse, particularly when considering the impact upon other Council and public bodies.
- 5.10 Future savings and/or efficiencies will be considered fully as part of the commissioning process for the future service provision from the expiry of these current contracts.
- 5.11 The RP1 'Make or Buy' report at that stage will explore the options to secure the future provision to ensure that the Council is achieving the best Value for Money from a new service to be in place from the expiration of these proposed extensions.

Approved by: Sarah Attwood on behalf of Josephine Lyseight, Head of Finance (Health, Wellbeing and Adults)

6. LEGAL CONSIDERATIONS

- 6.1 The legal considerations are as set out within this report.

Approved by Kiri Bailey, on behalf of Sean Murphy, Director of Law and Governance.

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7. HUMAN RESOURCES IMPACT

- 7.1 There is no Human Resources impact as a result of this report as the current services will be awarded on existing terms and conditions to the incumbent providers for 13 months. If any issues arise these will be managed under the Council's policies and procedures.

Approved by: Deborah Calliste, Head of HR for Health, Wellbeing and Adults on behalf of the Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 An equality analysis (EA) was carried out in October 2019 to ascertain the potential impact on protected groups.
- 8.2 The EA found no negative impact on any one groups that share protected characteristics, with no potential for discrimination. On the contrary it depicted the outcome of the extension lends itself to advancing equality and foster good relations - subject to continuing monitoring and review.
- 8.3 A revised EA will be completed as part of the project to renew or re procure the same contracts at the later date referenced in the report.

Approved by: Yvonne Okiyo, Equalities Manager

9. ENVIRONMENTAL IMPACT

- 9.1 It is considered that there are no increased or decreased environmental sustainability impacts, from the proposed contract extension contained in this report.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 It is considered that there are no increased or decreased crime & disorder impacts, from the proposed contract extension contained in this report.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The proposed recommendation seeks to continue the Council's statutory duties to prevent and relieve homelessness and to ensure that the future service is fit for purpose.
- 11.2 The recommendations in this report allow for stability of current service delivery whilst enabling a robust, high quality commissioning strategy to be developed and implemented in relation to the future commissioning intentions.

12. OPTIONS CONSIDERED AND REJECTED

12.1 Options considered for each of the individual contracts are as follows,

- **‘Do Nothing’:** The current individual contracts would come to their natural conclusion, and there would be no future contract costs. In total 124 housing units for young people would be lost and The Council will retain a statutory duty to provide access to this provision. The short timescale to manage this transition risks delivery of a reduced service to vulnerable children and young people, a risk of failure to meet the Council’s statutory duties and failure to safeguard vulnerable young people. The likely consequence would be increased emergency accommodation, and an increase in “revolving door” homelessness and rough sleeping.
- **Re-procuring the services for 13 months:** The process of re-procuring the service through a competitive tender exercise would extend beyond the existing contract end date. Given the time constraints this will have a similar impact as described in Option 1
- **Extend the individual contracts with the incumbent provider for 13 months via contract variation:** This is the recommended option, allowing for continuation of service, discharge of statutory duties and a period of time to consider recommendations and reconfigure/re-align services in order to better meet the needs of Croydon residents.

13. DATA PROTECTION IMPLICATIONS

13.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF ‘PERSONAL DATA’?**

Yes

13.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

Yes

Approved by Julia Pitt – Director for Gateway Services

CONTACT OFFICER: Rebecca Clews, Lead Coordinator
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APPENDICES TO THIS REPORT: None

BACKGROUND DOCUMENTS: None