

Cabinet Member Delegated Authority

Contract Variation Report

Date of meeting	5/11/2020
By	David Garland, Lead Commissioner for Children's Social Care, CFE Commissioning and Procurement
Title	CAYSH Drop in Zone
Project Sponsor	Julia Pitt
Executive Director	Guy van Dichele
Lead Member	Cabinet Member for Homes and Gateway Services
Key Decision	5020HGS 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 Resources and Financial Governance the power to make the decisions set out in the recommendations below.

The Cabinet Member for Homes and Gateway Services, in consultation with the Cabinet Member for Resources and Financial Governance, is recommended to:

1. Retrospectively extend by way of variation in accordance with Regulation 30 of the Council's Tenders and Contracts Regulations The 'Turnaround Centre Drop In Zone' contract awarded to CAYSH for a maximum extension period of 10 months to 28th February 2021
2. This will be at a cost of £192,909 retrospectively between April and November 2020, and £48,226 between November 2020 and February 2021 and £241,135 overall – leading to a maximum aggregated contract value of £2,755,644.
3. Note that the in-housing plans going forward show a saving to the council of at least £54,556 per annum ongoing, and £6,284 in year 2020/2021. Any further restructures will work within staffing budgets set.
4. Note the comment on the Public Contracting Regulations set out in 2.4.

2. Background & strategic context

- 2.1 This is a contract extension for a service that is essential spend under S114, and is being in-housed to save £54,556 per year from 2021. The Council has a statutory duty to support a wide range of vulnerable Croydon residents who are either homeless, at risk of homelessness or in need of care from the ages of 16 to 24 as outlined within The Homeless Reduction Act 2017, Children Act 1989, and subsequent amendments. Were this service to be cut wholesale, the council would be at immediate risk of significant additional pressures to the Children's Social Care placements budget, and temporary and emergency accommodation budgets – these pressures are outlined in 3.13 and 3.14 below.
- 2.2 In order to fulfil the statutory duty and meet the requirements, The Council has commissioned the 'Turnaround Centre Drop In Zone' (DIZ) currently provided by CAYSH. An advice, assessment and support service (including statutory homelessness assessment) for young people who are homeless or threatened with homelessness and aged 16-21. This contract is currently managed by Gateway services.
- 2.3 This service was procured in 2012 via an open, competitive procurement process for an original term of 4 years (3+1) at an original contract value of £836,598. The contract has been subject to multiple short term extensions over the years, mainly to allow time to re-procure the services, which for numerous reasons have not come to fruition – more recently due to wider council issues such as OFSTED, the COVID-19 pandemic, and delays around the procurement of the Supported Living DPS. These extensions were managed by the Gateway Service in consultation with CCB, and were extended at CCB in 2015 (CCB1079/15-16), 2016 (CCB1114/15-16), 2017 (CCB 1302/17-18), and 2018 (CCB1445/18-19). This last

extension expired on 31/3/2020. The current aggregated value of the contract (excluding the proposed 10 month, largely retrospective extension) is £2,520,564.

- 2.4 The DIZ contract is in breach of the Public Contracting Regulations 2015, due to the level of spend that has accrued from the extensions. This extension will be the final extension to this contract, with a clear plan now in motion.
- 2.5 This paper outlines the rationale and seeks approval for extending the individual current contract arrangements by variation until 28th February 2021, at which point the service will be provided in-house, which will include a Transfer of Undertakings (Protection of Employment) (TUPE) process.
- 2.6 Notice has already been served on the provider, currently ending on 31st January 2021, but with a proposed possibility for a month's extension.
- 2.7 In the OFSTED inspection in February 2020, it was noted that *“Services for homeless 16- and 17-year-olds are significantly under-developed and result in poor experiences for these young people. Managers took immediate action to address deficits in the very small number of cases found during the inspection. Senior managers have recently developed a strategic plan and pathway and are aware of the need to have greater oversight to embed the processes”*.
- 2.8 The plan is to bring the entire service in house to ensure clear accountabilities of the above processes, and to effectively ascertain alongside other frontline teams (specifically the Single Homelessness Service, the Single Point of Contact Service and Access Croydon) the need for resources, and where these should sit. There are many dependencies on this service due to the longstanding, embedded nature of the staff and their practices that to cut any staff without a clear idea of the impact at this point would be potentially dangerous to welfare of the cohort of young people they are commissioned to serve, and to the boroughs finances.
- 2.9 This specific issue aside, CAYSH has provided a satisfactory service over the last few years, with a large part of the work at DIZ also being focussed on the 18-21 homeless population. This part of the service has generally been well regarded by officers.
- 2.10 There is budgetary provision within the services for the contract to continue. For the In-house model we are confident that we have a reliable final figure, and that it is a saving to the council of at least £54,556 per annum ongoing, and £6,284 in year 2020/2021. Any further restructures will work within staffing budgets set.

3. Financial implications

Details	Internal Capital	Revenue	Period funding	of	External		Period of funding
					Capital	Revenue	
Cost of original contract		£2,520,564	18/6/2012 31/3/2020	–			
Cost of variation		£241,135	1/4/2020 28/2/2021	–			
Aggregated value		£ 2,761,699	18/6/2012 28/2/2020	–			

5. Supporting information

Drop in Zone Service and Staff

- 3.1. This service is provided to children and young people aged 16-21.
- 3.2. The service carries out a triage assessment of all young people presenting as homeless or threatened with homelessness.

- 3.3. The triage assessment is holistic, delivering a service which addresses their housing situation, supports the young person into employment, education and assists with referrals to other support agencies to address their identified needs.
- 3.4. The duty to undertaking assessments of all single adults under the age of 21, who have made an application under the Homeless Reduction Act (HRA), has been delegated to CAYSH, though the duties to 16-17 year olds were recently taken back in house.
- 3.5. The service carries out an assessment as to whether young people presenting are homeless, eligible and, in priority need. Individuals found to be in priority need are referred to the Council's Single Homeless Service for further casework.
- 3.6. The DIZ also provides advice and support to young people who are found to be at immediate risk.
- 3.7. The staff at DIZ cover a wide variety of roles, from statutory homelessness assessment work, to preventative signposting and mediation work, to the general running of the centre for all staff working there, including opening up and closing, and health and safety.

CAYSH

- 3.8. Established in 1981, CAYSH is a London-based charity delivering accommodation, advice and support services for young people facing homelessness.
- 3.9. Every night CAYSH provides a safe place to stay for more than 250 young people who would otherwise be homeless. CAYSH provides advice and guidance to thousands more facing homelessness and other challenges.
- 3.10. CAYSH is signed up to the Council's Premier Supplier Programme and is a London Living Wage supplier.

CAYSH's Performance

- 3.11. There are many anecdotal accounts of good practice from CAYSH, with flexibility of thinking and preventative work which has actively prevented young people from becoming homeless or coming into care. There have also been accounts of outmoded methods of practice, particularly a lack of clarity in how work with Children's Social Care is jointly undertaken. It should also be noted however that Croydon's admission rates for children between 16-18 into homelessness and care are far below our statistical neighbours, which is felt by some officers to be self-evident that the service is effective
- 3.12. The statistics CAYSH provide for monitoring however are not as clear. While the overall statistics for homelessness and care paint a positive picture, it is difficult to tell if DIZ has been the reason why. Statistics for instance give us lots of information about how many interactions have been had, but less information about the results of said interactions. This leads to a general picture of performance being average.

The Costs of Cutting the Service

- 3.13. According to national benchmarking and our own figures, homelessness; and in some cases for 16-17 year olds care can cost anything between £20,000 a year (At What Cost?, Crisis, 2015) to over £52,000 a year (Croydon internal figures stating average rates for a semi-independent placement at £1000 a week), per young person. For 16-17 year olds particularly, a service that effectively mediates family disputes and is resourced enough to intervene than simply process assessments, stemming the flow of young people who need to be housed in a safe way is a vital part of keeping the council's finances intact.
- 3.14. It would only take six young people coming into care to eradicate any savings made by cutting the service outright, and though it is challenging at the moment to wholly identify whether or not DIZ has been the reason for the low numbers of 16+ young people coming into care via the homelessness route, there is enough uncertainty that we must test the service with direct reporting to council officers to ensure vital tasks and intervention capacity is not dropped.

Previous Plans and Re-evaluation

- 3.15. An RP1 report was completed in December 2019 and came to the borough's Commissioning and Contracts Board. The proposals at that time were for a hybrid in-house and commissioned model, which was possibly going to result in increased spend. CCB rejected the proposals at this point, requesting more detail about costings for the TUPE specifically, but also generally for the wider model.
- 3.16. In part due to the conclusions of OFSTED, it is deemed by officers in Children's Social Care and Housing that in the interim at least there should be full accountability for statutory processes around housing needs assessments for young people aged 16-18, and it has been impossible to fully separate the resource for this function from the young adult assessments also completed.
- 3.17. In housing the contract is predicted to save the council £54,556 per annum ongoing, and £6,284 in year 2020/2021.

Proposed and Amended Timeline for in-housing

- Notice served on contracts on 27th August, ending 30th January
- 12th October 2020 - Business case for TUPE/new posts submitted to DLT
- 3rd December 2020 – Business case for new posts agreed
- 11th December 2020 – Spend Panel agreement for post creation
- By 31st December 2021 – Discussions with Unions (Croydon)
- By 31st December 2021 – Discussion with Unions (CAYSH)
- By 14th January 2021 – TUPE sign off, Positions go live
- By 7th February 2021 – Interviews take place
- By 28th February 2021 – Staff employed by Croydon Council

Risks

3.18. The following risks have been identified, and are being managed directly by the service:

Risk	Mitigation
Risk that the services do not deliver	<p>The resource now available should mean that the remainder of the contract will be 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> <p>Notice has already been given on the contracts and is likely to be extended if this is necessary – but the plan will be to in-house the service to improve it, as above.</p>
Risk of challenge from another supplier	<p>Officers recognise that the current proposals are not compliant with the Public Contracts Regulations 2015 and 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>

Council staffing & resources	<p>There seems firm agreement at ELT level that the resource needs to be taken in house, and tasks and expertise quantified alongside at least two three other services (in Housing, Gateway and Children’s Social Care) that cover similar areas of work.</p> <p>All services however have made clear that without the resource currently provided by CAYSH, particularly preventative services, they would not be able to meet the demand for homelessness services that we may see from the young people’s cohort they serve.</p> <p>Staff will therefore be taken in house and reorganised in line with the other service offers.</p> <p>Concern has also been raised that the in-housing into Gateway doesn’t ruin current relationships with operational services in SPOC or Housing. To that end, implementation continues to be coordinated with operational services in SPOC, Homelessness and Gateway services.</p>
Slippage in timescales, leading to a further extension being required	<p>The in-sourcing of DIZ has a dedicated officer from Children’s Family and Education Commissioning and Procurement, notice has already been served on the contract, HR and service leads engaged and timescales negotiated to enable the process to be as smooth as possible. We are anticipating the end date for the contract will be 28th February.</p>

Consultation

- 3.19. Consultation with key senior stakeholders has taken place including The Director of Homelessness and Housing Need, Single Homeless Service manager, Lead co-ordinator Gateway Rough Sleeping, Executive Director - Children, Families and Education, Director of Children’s Social Care, Head of Service for SPOC, Assessments and Head of Adolescent Services, Director for Gateway services, and CAYSH – who have been advised both informally in the months leading up and formally on the 27/8/2020. CAYSH are in agreement with the extension, and would of course prefer the service continued, but the clear view from officers and OFSTED has been that accountability of the process needs to be clearer, and in-housing is a clear way to achieve this.
- 3.20. 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.
- 3.21. Further consultation will form part of the TUPE process, include union representation and consultation for Croydon staff and for CAYSH staff.

Equalities

- 3.22. An equality analysis (EA) was carried out in October 2019 on this, and three other Gateway Contracts provided by CAYSH to ascertain the potential impact on protected groups. This EA was generic across the all four gateway contracts. This was signed off, however for this contract extension this was reviewed by the equalities team.
- 3.23. The EA found no negative impact on groups that share protected characteristics, no potential for discrimination and that the service had taken all opportunities to advance equality and foster good relations, subject to continuing monitoring and review.
- 3.24. Specifically noted in the review of the EA was that service users with invisible disabilities such as mental health conditions and substance/alcohol dependency needed more consultation – CFE commissioning are in

particular looking at the way our care leaver's experiences are part of the story behind our commissioning, and this view and input will be fed into the in-housing process.

- 3.25. The review also noted that while sexual violence in supported accommodation was primarily perpetrated against women, it was also an issue for men, and questioned how this was being addressed. DIZ is slightly separate from supported accommodation, in that it is an advice and guidance service, but it is vital that assessments completed, which go on to inform how supported accommodation is delivered. In in-housing the service, this will also be fed into implementation as a theme to be focussed on.
- 3.26. Clarity was sought briefly as well on the following statements; on whether the support was only affecting single homeless young people, and whether any of the support and housing was faith exclusive. We can confirm that the service being discussed here – Drop In Zone, works with young people at all stages of relationships and faiths. Furthermore, housing are more effectively implementing the data that staff fill in on their CDP system which will better monitor protected characteristics.
- 3.27. We will ensure further consultation is accessible and includes all service users and in particular groups of young people that we know are more likely to be affected by homelessness such as LGBTQ, and care leavers to ensure that services remain fit for purpose and can be redesigned as required and appropriate for all.
- 3.28. The in-housing of the Drop In Zone service will ensure that staff are bound to Croydon's management matrix, which includes our standards for Diversity and Inclusion as set out in the Human Resources handbook, ensuring that staff are managed according to principles that actively discourage discrimination both towards service users and amongst staff.

6. Conclusion and reasons for recommendations

To ensure savings for the Council, while preserving the current statutory service function whilst plans to insource are implemented, it is recommended that CCB ratify the recommendations as set out in section 1 of this report.

7. Outcome and approvals

CCB outcome	Date agreed	
Approved	Service Director <i>(to confirm Executive Director has been briefed)</i>	Julia Pitt 03/12/2020
	Cabinet Member for Finance & Resources	CLlr Young 17/12/2020
	Finance	Lisa Taylor 16/12/2020
	Legal	Kiri Bailey 29/10/2020
	Equalities	Barbara Grant 30/10/2020
	Lead Member <i>(for values over £500k, +25% contract value or +£1m)</i>	CLlr Avis 06/01/2021
	CCB	CCB1636/20-21 05/01/2021

8. Legal Considerations

There are no extra legal implications arising from this Contract Variation Report

Approved by Kiri Bailey on behalf of the Director of Law and Governance

9. Chief Finance Officer comments on the financial implications

Approved by Lisa Taylor, Chief Finance Officer