

London Borough of Hammersmith & Fulham

Report to: Director of Children's Services in Consultation with the Cabinet Member for Children and Education.

Date: 08/04/2020

Subject: Centrepoint Contract for Care Leavers Accommodation

Report of: Will Parsons, Strategic Lead, Children's Commissioning

SUMMARY

This report recommends the extension and modification of an existing supported housing contract delivered by Centrepoint Soho for the provision of accommodation-based support for young people leaving care. The extension is necessary to ensure service continuity beyond March 2020 and the modification is necessary to increase capacity within the service where local placements for care leaver's offer significantly greater value for money over Framework or Spot Purchasing placements, whilst simultaneously allowing young people to remain local, closer to family and support networks. The modification also supports the department's MTFS plans to reduce the overall placements budget by increasing cost effective in-borough housing supply.

The average 2019/20 annual placement cost with Centrepoint is £409 per week compared with £859 per week for semi-independent living Framework or spot purchase placements.

RECOMMENDATIONS

It is recommended that the Director of Children's Services in consultation with the Cabinet Member for Children and Education:

- 1.1 Approves a permitted extension of the contract with Centrepoint Soho for the provision of supported accommodation for young people leaving care for a further period of up to two years commencing from 1 May 2020 to 30 April 2022 at a total value of £1,489,058 (annual value of £744,529).
- 1.2 Approves the modification of the contract to incorporate the provision of supported accommodation services by Centrepoint Soho at 40 Charleville Road, W14 9JJ effective from 1 April 2020 through to 30 April 2022. The individual total cost for this property is £76,710 over the course of the extension (annual value of £38,355).

Wards Affected: (All)

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"> Creating a compassionate council 	<p>This modification will ensure that some of the most vulnerable young people in H&F are cared for in accordance with the priority of creating a compassionate council.</p>
<ul style="list-style-type: none"> Doing things with local residents, not to them 	<p>A consultation feedback exercise with young people carried out in February 2019 across this service identified building condition and repairs as an issue and Charleville Road has been refurbished to a high standard.</p>
<ul style="list-style-type: none"> Being ruthlessly financially efficient 	<p>The average unit cost of an in-borough supported housing placement is significantly cheaper than placements made via a spot purchase or framework placement.</p>

1. FINANCIAL IMPACT

- 1.1 The current contract value is £706,000 per annum, the proposed modification to incorporate Charleville Road and increase capacity will result in an annual increase of £38,355. The overall annual contract cost from April 2020 onwards will increase to £744,529 per annum.
- 1.2 Officers are working closely with Centrepont on the proposed extension and have requested information on running costs associated with the service. Centrepont have released salary information and officers have undertaken benchmarking which indicates these are broadly in line with the sector average. Centrepont have also highlighted that the revenue costs alone do not cover the total costs associated with running the service. On this basis they are proposing a general rent increase coupled with the introduction of an intensive housing management charge effective from April 2020, at approximately £30 per week per unit, to generate an additional £115k per annum to cover running costs. This will be applied to the rent element of the service and not the contracted service costs, thereby allowing contracted costs to stay the same except where capacity is increased.
- 1.3 The contract notes that the Council will not be liable for any rent payments where the young person is eligible for Housing benefit. However, the rent increase and introduction of the intensive housing management charge will impact on Children's services for those young people not in receipt of, or not eligible for housing benefit payments where full costs are met by Children's services. At the date of this report approximately 28% of young people placed in Centrepont placements do not receive housing benefit.
- 1.4 The contract is funded through the Family Services placement budget which for 2019/20 is £12.562m. This covers all placement costs including the Centrepont contract and is expected to be overspent by £3.316m in 2019/20.
- 1.5 For 2020/21 a growth and inflation bid has been agreed by Full Council in February 2020 and will increase the placements budget to £16.449m. This will cover the additional costs of Charleville Road. Within the 2020/21 budget are £200,000 of savings based on moving young people from out of borough SIL framework or spot purchase placements into block contract accommodation. Charleville Road is

forecasted to deliver annual savings of £132,800 towards this savings target, this estimate is based on 60% occupancy.

- 1.6 The average annual cost for a semi-independent living framework or spot purchase placement is £859 per week totalling £44,800 a year and this include both the support element and the rent charge. The annual unit cost for Charleville Road will be £4,261 for the support element and the average rent payment within the service will be £263 per week or £13,676 per year, based on proposed rents from April 2020 onwards. Adding this to the support charge will bring the total cost per bed to £17,937 per year and when comparing this with the average spot purchase cost of £44,800 amounts to a saving of £26,863 per bed or £241,767 for the year if all 9 beds at Charleville Road were occupied for the full year by Care Leavers that would have otherwise been placed in out of borough SIL placements.

2. LEGAL IMPLICATIONS

- 2.1 This report recommends extending the existing contract with Centrepoint Soho for a period of two years. The Contract for this service contains provisions under clause 3.3 whereby the Council may request an extension to the Contract Period from Centrepoint Soho this extension period cannot exceed a period of two years. Centrepoint Soho must notify the Council of their willingness to agree to the extension within 20 working days of the request. Accordingly, the Council should ensure Centrepoint has accepted this extension.
- 2.2 An extension of this contract from 1st May 2020 to 30th April 2022 is permitted under the terms of the contract. The OJEU notice also permits this extension as it provides that this contract can be extended for a duration of 24 months. Regulation 72(a) of the Public Contracts Regulations 2015 (PCR), allows for such modifications, irrespective of their monetary value, *“where such modifications have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses, which may include price revision clauses or options, provided that such clauses state the scope and nature of possible modifications or options as well as the conditions under which they may be used and do not provide for modifications or options that would alter the overall nature of the contract”*. Regulation 72(a) has been satisfied here.
- 2.3 The report also recommends the modification of the existing contract with Centrepoint Soho to include service provision for supported accommodated at 40 Charleville Road, W14 9JJ effective from 1 April 2020 for the total sum of £76,710. There has also been a previous modification to this contract to include service provision at 25 Shepherds Bush Road from February 2019. The total value of this modification was £82,064. These services fall under the category of Social and other specific Services under the PCR. The combined value of these two modifications does not exceed the EU threshold (which takes effect in January 2020) for social and other specific services of £663,540 and 10% of the initial contract value. Furthermore, the modification does not alter the overall nature of the contract and framework agreement, therefore this is a permitted modification pursuant to Regulation 725(a) and (b).
- 2.4 Both the extension and modification to include the provision of services for supported accommodation at 40 Charleville Road should be formally reflected by way of a deed of variation to the original contract.

Implications provided by: Hannah Ismail, Solicitor, Sharpe Pritchard LLP, external legal advisers seconded to the Council tel 0207 405 4600

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3. DETAILED ANALYSIS – PROPOSALS AND ANALYSIS OF OPTIONS

- 3.1 The Centrepont semi-independent living housing contract was awarded in 2015 for an initial period of 5 years, from 1 May 2015 to 30 April 2020. The contract was called off from the 'Framework Agreement for Housing Related Support Services' with an annual contract value of £680,218. The contract was first modified in 2018 to increase capacity with the addition of a new 9-bedroom property at 1A Shepherds Bush Road, primarily designated for unaccompanied asylum-seeking children. This brought the total number of units within the service to 80 across 10 properties and increased the contract value by £25,956 per annum, to £706,000 annually, the table at 3.4 provides a breakdown of the annual values by year.
- 3.2 The contract is due to expire on 30 April 2020 but provides an optional 24-month extension. The recommendation to extend the contract is based upon mutual agreement from both parties where it states, 'the Service Provider shall notify the Council within twenty (20) Working Days of an extension request of their willingness to agree to the extension'. This is an unusual clause and without agreement of the extension there is a significant risk that the provider will not agree continuation of the service beyond April 2020 thereby placing a high volume of the Council's care leaver population at risk.
- 3.3 The service is well regarded and forms a key element of the Care Leaver Housing pathway, in addition to this the service allows approximately 25%¹ of the H&F care leaver cohort to remain locally, close to family and support networks. Contract compliance is considered good overall and regular move-on and contract management meetings take place with Centrepont and internal practitioner staff to review performance and ensure the overall service continues to achieve positive outcomes for young people. Outcomes data provided over the lifetime of the contract demonstrates improvements for young people in positive move-on, maintaining accommodation, improving physical and mental wellbeing, reducing debt and participating in structured activities. For a full breakdown of outcomes please see appendix B.
- 3.4 An alternative option to extending the contract could be to tender the service in an open procurement exercise, however this would not guarantee a reduction in overall contract price. The service currently provides competitive rates when compared with other forms of semi-independent living and H&F maintain a productive relationship with Centrepont staff. It is envisaged that the H&F led Dynamic Purchasing Vehicle for semi-independent living, currently in development with the West London Alliance, will provide one of the tendering options once established.
- 3.5 The recommended contract modification will bring the total value of the contract over its initial 5-year term to £3,377,197 not including costs associated with the optional extension. The total lifetime value of the contract, including the proposed two-year extension is £4,866, 255.

Year	Value
2021/22 (year 7)	£744,529
2020/21 (year 6)	£744,529 <ul style="list-style-type: none">Proposed modification as of 1 April 2020 to bring additional capacity to the service through 40 Charleville Road (£38,355 annually)

¹ Based on figures dated 31.12.19 and covering the overall 338 LAC/CL population aged 16-25.

2019/20 (year 5)	£706,174
2018/19 (year 4)	£684,414 <ul style="list-style-type: none"> Modified as of approx. 1 February 2019 to bring additional capacity to the service through 1A Shepherds Bush Road. (£25,956 annually)
2017/18 (year 3)	£680,218
2016/17 (year 2)	£680,218
2015/16 (year 1)	£626,173

- 3.6 Charleville Road is a 9 bedroomed HMO property. H&F maintain the freehold and the property is let on a long lease to Notting Hill Housing Trust. The property is currently vacant, refurbished to a high standard and is in borough close to H&F support services for care leavers. It is anticipated that the property will be let on a long-term basis to house 9 care leavers currently occupying higher cost semi-independent living framework or spot purchase placements, and almost ready to live independently.

4. REASONS FOR DECISION

- 4.1 The Centrepoint Housing Contract delivers supported housing services to young people leaving care. The contract provides 80 units of accommodation across 10 different properties, 11 with the incorporation of Charleville Road. Varying levels of support are provided by individual property and the service serves as the boroughs main housing pathway for young people leaving care before moving on to independent living. The contract commenced in 2015 following a call-off from a Framework for Supported Housing Services. The contract term is for 5 years, expiring in April 2020 with an optional 2-year extension by mutual agreement.
- 4.2 Continuity of service provision is necessary to ensure young people continue to receive stable accommodation with structured support and advice before being considered ready to move on. The agreement to extend the contract is only feasible with agreement from both Centrepoint and H&F. Officers have considered remodelling the service in an attempt to lower the 2020 contract value however safety concerns have been highlighted from the provider with a reduction in total staff numbers or removing waking night staff provision from buildings.

5. PROCUREMENT IMPLICATIONS

- 5.1 For extensions of contracts (irrespective of the value) where the award of contract decision referred to provision for a contract extension AND the contract terms made explicit provision for an extension, Contract Standing Orders (CSO) 25.3 state that the approval is by SLT Member.
- 5.2 CSO's also state that the following should accompany a request for an extension: evidence of the contractor's performance, value for money and benchmarking. The author of the report has provided evidence of positive outcomes (Appendix 2 of this report). The author of the report states at 1.3 that benchmarking has been undertaken on current support staff salaries and these are in line with the sector average.
- 5.3 For the modification of high value revenue contracts over the Service Threshold, Contract Standing Orders (CSO) 24.4.4 state that the approval is by the Chief Executive / SLT Member in consultation with the Cabinet Member where the total value of the contract is not modified by +/- 10% or more. The total cost of the

modification proposed for the period is for the sum of £76,710 and together with the value of earlier modification of £82,064 makes a total for all modifications £158,774. This total modification sum is less than 10% of the original contract value of £3,347,045 (as set out in paragraph 3.1 of this report).

Implications verified by Joanna Angelides, Procurement Consultant tel. 0208 753 2586

6. EQUALITY IMPLICATIONS

- 6.1 There are no direct negative equality implications for protected groups at this stage by the approval of the proposals, as set out in the Recommendations, under the Equality Act 2010.
- 6.2 The proposals offer service continuity that aims to provide vital support to vulnerable children.

Implications completed by: Fawad Bhatti, Policy & Strategy Officer, Public Service Reform, tel. 07500 103617.

7. RISK MANAGEMENT IMPLICATIONS

- 7.1 The report proposals exemplify how the service is innovating in response to the financial challenges in Local Government whilst continuing to meet the service needs for supported accommodation for Care Leavers. It is demonstrating and Being ruthlessly financially efficient how the most vulnerable in society can still receive the best possible care at best price to the local taxpayer.

Implications verified by Michael Sloniowski, Risk Manager tel. 020 8753 2587

8. ICT IMPLICATIONS:

- 8.1 IT Implications: No IT implications are considered to arise from the proposal in this report.
- 8.2 IM Implications: If not already in place, a Privacy Impact Assessment will need to be completed to ensure all potential data protection risks resulting from this proposal are properly assessed with mitigating actions agreed and implemented.
- 8.3 Centrepoint will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training
- 8.4 The contract with Centrepoint should include H&F's data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR).

Implications completed by: Karen Barry, Strategic Relationship Manager, tel 020 8753 3481.

List of Appendices:

Appendix 1: Indicative costs for Charleville Road Service (per annum):

Appendix 2: Outcomes for Care Leavers:

Appendix 1:
Indicative costs for Charleville Road Service (per annum):

Staffing	1 FTE Supported Housing Officer including on-costs £500 contribution to service management	£28,470	74%
Project Costs	Including staff training and insurance, installation and running costs of IT, senior management, and tenant development/ participation fund.	£6,055	16%
Central Costs	All central support teams	£3,830	10%
		£38,355	100%

Cohort Needs:

Young people referred into the scheme will be Hammersmith and Fulham Care Leavers aged 18 plus. Referrals should follow the same format as other referrals across the service including an updated pathway plan and risk assessment.

The young people referred into the scheme will be on a pathway to independent living and deemed to have low support needs.

Support Summary:

- The type of support provided to young people, the service outcomes for young people, incident reporting and safeguarding referrals including the key performance monitoring requirements are set out in Schedule 1 of the main contract.
- The keyworker at 40 Charleville Road shall provide to all residents support to develop practical and social skills for independent living.
- Support will be provided between office hours, 8am to 6pm and Monday to Friday each week and should be organised at times convenient with the young person.
- As per the tables noted at section 5 (the Service) and 10 (Support Levels) of Schedule 1 of the main contract document, young people will receive low support with up to 3 hours of support per week dependant on need and or current circumstances.
- Support session recording will be included in the support log summary.

Staff Schedule:

- 1 full time equivalent Supported Housing Officer will staff the scheme
- No locum cover is included to cover absence
- An existing Centrepont manager will oversee the service
- Each staff member is assigned £550 per annum for training

- Centrepoint have assigned £120 per young person for activities with access to an additional Bursary fund

Appendix 2:
Outcomes for Care Leavers:

Description	% with need / % with need who achieved outcome					
	2019-20 (to date)	2018-19	2017-18	2016-17	2015-16	Improvement during contract
Avoiding harm from others	100%	93%	94%	92%	89%	11%
Avoiding harm to others	100%	86%	78%	88%	17%	83%
Complied with statutory orders	100%	67%	70%	75%	63%	38%
Established contact with family/friends	100%	95%	100%	96%	91%	9%
Has more choice/involvement/control	71%	81%	88%	81%	70%	2%
Made contact with external groups/services	100%	97%	100%	97%	91%	9%
Maintained accommodation	100%	82%	89%	71%	71%	29%
Managing mental health better	89%	58%	84%	75%	60%	29%
Managing physical health better	100%	100%	96%	90%	87%	13%
Managing substance misuse better	No stat available	75%	80%	44%	19%	56%
Now in paid work	70%	68%	67%	53%	40%	30%
Obtained/secured settled accommodation	75%	71%	82%	74%	67%	8%
Participated in desired Leisure/Cultural/Faith	100%	88%	89%	69%	79%	21%
Participated in paid work during stay	100%	74%	78%	65%	50%	50%
Participated in work like activities	100%	87%	77%	75%	63%	38%
Reduced debt	100%	76%	87%	58%	72%	28%
Started desired education/training	86%	74%	80%	80%	64%	22%
EET on departure	63%	60%	57%	55%	44%	19%
Positive move on	95%	87%	86%	77%	85%	10%