

## London Borough of Hammersmith & Fulham

**Report to:** Cabinet

**Date:** 09/09/2024

**Subject:** Procurement Strategy for Semi-Independent Living (SIL) services for children looked after, care leavers and young people at risk

**Report of:** Councillor Alex Sanderson, Deputy Leader (responsible for Children and Education)

**Report author:** Sarah Bright, Director of People's Commissioning,  
Transformation and Health Partnerships

**Responsible Director:** Jacqui McShannon, Executive Director of People

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### SUMMARY

This report seeks approval of a strategy to recommission, by way of a competitive procurement exercise, semi-independent living (SIL) services for young people at risk (YPAR) of becoming homeless, sixteen and seventeen-year-old children looked after and care leavers across Hammersmith and Fulham.

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### RECOMMENDATIONS

That Cabinet:

1. Notes that the approximate contract value is outlined in Appendix 2 and is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
  2. Approves the procurement strategy to run a competitive procurement exercise for the provision of in-borough semi-independent living (SIL) accommodation for young people for up to seven years from May 2025. This includes relevant leases and Housing Management Agreements.
  3. Delegates any minor adjustments that may be required as result of the procurement taking place when the Procurement Act 2024 comes into force on 28<sup>th</sup> October 2024 to the Strategic Director of People.
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**Wards Affected:** ALL

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<b>Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	Supporting young people to develop the skills and resilience to be independent in adulthood.
Creating a compassionate council	Having sufficient SIL provision in borough enables young people to live locally while they prepare to move on, rather than being placed out of borough and further away from their support networks and local services.
Doing things with local residents, not to them	Our care experienced young people have told us that they want to live locally, close to friends and family and connected to local services.
Being ruthlessly financially efficient	Commissioning a block SIL contract is offers better value for money than spot purchased placements.
Taking pride in H&F	Creating high quality local SIL provision for young people from H&F and supporting them to become healthy, thriving adults.
Rising to the challenge of the climate and ecological emergency	Having sufficient local provision will reduce usage of spot-purchased out-of-borough placements. This in turn will lead to lower CO2 emissions by reducing the need for staff and young people to travel across London.

## **Financial impact**

The financial implications of the proposed recommission are detailed in Appendix 1, the contents of which are exempt for commercial reasons.

*Reviewed by: Barbara Ncube, Finance Manager (Children's Services), dated: 27 June 2024*

*Verified by: James Newman, AD Finance, 27 June 2024*

## **Legal implications**

This report recommends that Cabinet approves a procurement strategy for the procurement of semi-independent living services for young people at risk of becoming homeless, sixteen and seventeen year old children looked after and care leavers. The Council is under a duty to provide these services under the Children Act 1989 and the Children (Leaving Care) Act 2000.

The Public Contracts Regulations 2015 (PCR) apply to this procurement. These are "social and other services" under the PCR so the requirements for advertising and

competition are more flexible. The open procedure is being used. This satisfies the requirements of the PCR and the Contract Standing Orders.

The appropriate decision maker is Cabinet.

*Implications provided by Angela Hogan, Chief Solicitor (Contracts and Procurement)  
26 June 2024*

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**Background Papers Used in Preparing This Report: None**

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## **DETAILED ANALYSIS**

### **Background**

1. One of the overarching priorities outlined in our Placement Sufficiency Strategy is to have sufficient, high-quality semi-independent living (SIL) accommodation, with improved access to local services, family and community networks. The purpose of SIL services is to provide young people with a supportive home within their local community whilst they build a range of life skills to enable them to make a successful transition to living independently when they feel ready to do so.
2. The current SIL accommodation contract was awarded for 3 years, from 1 May 2022 to 30 April 2025. This contract brought together services for care experienced young people with services for young people at risk of becoming homeless into one block contract with a single provider. Over the lifetime of the contract, we have worked closely with the current provider to improve the quality of provision, respond to changing needs and increase the amount of local provision. This will be reflected in the future contract.
3. The service is well-supported by the Children's Commissioning team, Children Looked After and Leaving Care service, and Supported Housing Advisor (Housing), and delivers positive outcomes for young people in their transition to living independently.

### **Reasons for Decision**

4. Our Placement Sufficiency Strategy sets out how we are meeting our statutory duties as a Corporate Parent and is underpinned by Section 22 of the Children Act 1989 (as inserted by the Children and Young Persons Act 2008) and the Children (Leaving Care) Act 2000, which places a general duty on local authorities to secure sufficient accommodation to meet the needs of children looked after or and support young people leaving care.
5. Housing Services also have statutory duties under the Homeless Reduction Act 2017 and the Housing Act 1996 to prevent homelessness and provide assistance to people threatened with or actually homeless. Young people which would be considered to have 'priority need' for housing are those aged 16-17 or

care leavers aged 18-21, however locally we have also adopted the guiding principle that care leavers up to the age of 25 should, if possible, be found as being in 'priority need'.

6. The current contract expires on 30<sup>th</sup> April 2025 and there is no option to extend. It is therefore necessary to undertake a procurement exercise to ensure continuity of SIL provision from 1<sup>st</sup> May 2025 onwards.

### **Contract Specifications Summary**

7. The new service arrangements to be tendered will be to supply a number of high and low support units, with the support tailored towards the individual. The contract will be awarded for an initial period of three years with the option to extend for a further two periods of two years.
8. The service will also include a flexible element to allow for low support bedspaces to be enhanced to medium or high support on a demand led basis.
9. Within this provision, there will be scope to develop bespoke SIL services to ensure we are meeting the needs of all of our young people. This includes young people with more complex needs and those wishing to be in female-only or LGBTQ-friendly provision.
10. Four of the properties (34 bedspaces) currently being used as SIL are owned by the Council. The provider will be expected to take on the leases for these properties and assume responsibility for the day-to-day repairs, maintenance and compliance at these sites. Major, structural or external works will remain the responsibility of the Council. The provider will have to source the remaining in-borough bedspaces themselves.

### **Procurement route and analysis of options**

11. The following outlines the procurement options considered:
12. Option 1: Run a competitive open tender procedure (recommended)

Given the value of this contract, it is necessary to undertake a competitive process. Using an open procedure represents the most time effective way to do this and will likely lead to the highest number of bids. Comprehensive market engagement and post-tender clarifications will provide opportunities to work with potential providers to develop an innovative service which delivers best value for money.

13. Option 2: Run a competitive procurement via a Procedure with Negotiation (CPN) (not recommended)

This option is not recommended due to the significant amount of time required to undertake CPN and the delays to service mobilisation and potential gap in service this could lead. Whilst CPN is a more collaborative approach to

developing innovative services, this collaboration will instead take place as part of the pre-tender market engagement and post-tender clarification phase.

14. Option 2: Use an existing multi supplier provider Framework Agreement or Dynamic Purchasing System (not recommended).

This option reduces the competition and is likely to result in fewer bids. The current contract was called-off a Dynamic Purchasing Vehicle for SIL and there was only one viable bid.

15. Option 3: Reconfiguring the SIL block contract and splitting into separate contracts (not recommended).

This option will make contract management more difficult and is likely to be more costly. Having a single contract will enable the development of a strategic partnership, stronger oversight and is likely to provide better value for the money in terms of leveraging additional added value and reduced overheads.

16. Option 4: Creating a framework agreement or dynamic purchasing system (not recommended).

This option is considerably more resource intensive and would provide limited benefit given that the preference is for a block contract with one provider.

17. Option 5: Do nothing (not recommended).

This would mean not having a service once the current contract expires, which is not an option in light of the Council's statutory duties and the nature of services for various vulnerable client groups.

### **Market Analysis, Local Economy and Social Value**

18. The marketplace for supported housing and semi-independent living is well-established with most local authorities commissioning or delivering these types of services in their areas.

19. This strategy is recommending a single block contract, rather than splitting the contract into multiple, smaller contracts, as this creates economies of scale and leverages additional investment from the provider, delivering better value for money. Having a single provider also ensures greater oversight and enables the development of a strategic partnership, working in collaboration to deliver consistent, high quality services for our young people, responding to evolving needs and changing demand, and continuously driving for innovation and improvement.

20. Having sufficient in-borough provision by commissioning a SIL block contract reduces our reliance on higher cost, spot-purchased SIL placements which are out of borough.

21. The current provider delivers support across a number of properties within the

borough. Four of these are owned by the Council and the remaining properties are either owned by the provider, leased by the Council, or owned by Registered Providers (RP) and Housing Management Agreements (HMA) are in place between the RP and current support provider. The leases for the four Council-owned properties will be included as part of the procurement and there will also be scope to include the additional HMAs and leases where appropriate. This will be confirmed as part of the pre-tender market engagement.

22. As part of the tender, bidders will have to make a social value commitment which will be assessed via the TOMS Framework and a social value score awarded.

### Risk Assessment and Proposed Mitigations

<b>Category</b>	<b>Risk Description</b>	<b>Mitigation Activity</b>
Tender	Pace of work required to deliver the objectives in time to finalise the procurement in time for mobilisation.	Appropriate officers will work closely together in the preparation of documents and legal will review prior to release.  A project group will be established to push through actions to ensure risk to service delivery is minimised.
Providers	Stakeholder engagement – risk of not having the right providers/sufficient number to tender.	Market engagement will be undertaken and Find a Tender Service notices will be published.
Finance	Risk of providers not being able to deliver within the allocated budget or the bids submitted are beyond the budget envelope.	Robust benchmarking and comparison of existing contract rates will be undertaken to ensure the budget assigned is sufficient.
Property	Leases – If the winning bidder proposes changes to the lease arrangements, this could result in delays to full service mobilisation.	Regular meetings will take place during the mobilisation period with support from legal colleagues where required.
Property	A change in provider may result in young people having to move into alternative properties.	Regular mobilisation meetings will take place during the mobilisation period with the provider, Leaving Care service and Supported Housing Move to plan for a smooth transition and ensure young people are adequately informed, prepared and supported.
Resource	If key staff working on the project are unavailable at peak times to complete	A project group will be established with key stakeholders to drive forward actions. A risk register will

	work, programme slippage in timelines is a risk as well as the quality of documents available being negatively impacted.	be established and reviewed by the group.
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### Indicative timetable

Activity	Due Date
Key Decision Entry (Strategy)	24 May 2024
Key Decision Entry (Award)	24 May 2024
Notice of Commissioning Intentions to providers	June 2024
Childrens and Adults Services Meeting	2 July 2024
Contracts Assurance Board	3 July 2024
Cabinet Member (Strategy)	1 or 8 July 2024
Political Cabinet	15 July 2024
Cabinet	9 September 2024
Allow for call in period (3 days)	13 September 2024
Publish Tender Notice	16-27 <sup>th</sup> September 2024
Closing date for clarifications	14 <sup>th</sup> October 2024
Closing date for responses issued	18 <sup>th</sup> October 2024
Closing date for submissions	28 <sup>th</sup> October 2024
Evaluation and Moderation	29 <sup>th</sup> October – 4 <sup>th</sup> November 2024
Final Moderation if applicable	22 <sup>nd</sup> November 2024
Childrens and Adults Services Meeting (Award)	17 <sup>th</sup> December 2024
CAB (Award)	18 <sup>th</sup> December 2024
Cabinet Member (Award)	6 <sup>th</sup> January 2025
Allow for call in period (3 days)	10 <sup>th</sup> January 2025
Find a Tender Service Contract Award Notice	10 <sup>th</sup> January 2025
Allow for standstill period (10 days)	13 <sup>th</sup> - 24 <sup>th</sup> January 2025
Contract engrossment	27 <sup>th</sup> <sup>t</sup> January 2025
TUPE , Contract mobilisation and implementation	27 <sup>th</sup> <sup>t</sup> January 2025
Contract Commencement date	1 <sup>st</sup> May 2025

### Selection and award criteria

23. Each tenderer will need to achieve a minimum level of acceptability as defined by H&F's compliance standards relating to matters such as financial and economic standing, insurance, health and safety, technical ability, and Ofsted registration.
24. The Council has set standards for economic and financial standing based on the tenderers financial accounts that bidders should meet. These standards are set to reassure the Council that, if awarded contracts, suppliers are financially sustainable throughout the lifetime of the contract.

25. Where one or more of these criteria is not met, the Invitation to Tenderers will advise them that the Council can, if it wishes, use its discretion to pass a tenderer who fails to meet the above criteria, where it is assessed that there are sufficient mitigating circumstances.
26. The technical quality stage will consist of a number of questions in key areas of the service requirements.
27. Quality will be ensured by designing detailed questions which list every aspect of the requirements that tenderers will be expected to reference. In addition, the procurement will have a robust scoring criterion of 0 – 5 with the requirement to achieve a minimum score of two to pass or otherwise be eliminated from the process.
28. The Evaluation Panel will consist of Council Officers and external stakeholder partners. Officers will include Commissioners, Leaving Care team members, Housing Officers and care experienced young people subject to signing a confidentiality agreement.
29. An outline scoring matrix is included below:

Criteria	Marks
Minimum Standards: Compliance of bid Insurance levels Turnover Suitability to pursue the professional activity, including ability to provide accommodation in borough Experience and technical capacity Ofsted registration	Pass/fail
Quality (77%): <ul style="list-style-type: none"> <li>• General requirements and service proposal</li> <li>• Safeguarding and risk management</li> <li>• Support to develop independent living skills</li> <li>• Robust workforce and staffing competency</li> <li>• Performance, improvement and quality assurance</li> </ul> Social value (33%) assessed as following: <ul style="list-style-type: none"> <li>• Social Value Quantitative (16.5%)</li> <li>• Social Value Qualitative (16.5%)</li> </ul>	60%
Cost	40%
Total possible marks	100%

30. The proposed evaluation criteria will be based on 60% for quality and 40% for price.



## **Contract management**

31. Contract management will be the responsibility of the Children's Services Commissioning team and will involve:
  - Holding regular operational and allocations meetings, alongside quarterly contract monitoring meetings.
  - Oversight of provider activity, compliance, and performance.
  - Act as mediator to support social workers, housing officers and providers.
  - Be available for contract advice and queries.
  - Undertake KPIs & monitoring.
  - Ensure that all issues of concern are escalated, and decisions made in a timely fashion.
32. The contract will outline clear expectations around void turnaround times and the contract manager will work closely with the provider to monitor this.
33. The Contractor will be permitted to submit an annual price review request for the support contract on an open book basis and price increases may be agreed for aspects of the service where it has been demonstrated that costs have risen. Any adjustment linked to CPI inflation shall not exceed 3% per annum and agreement to price increases shall be at the complete discretion of the Council.
34. Given that rental cost increases are outside of the control of the contractor, the Council will have to accommodate these increases on an annual basis. Rental costs are only paid for young people who are not eligible for housing benefit and the provider has a duty to support young people to claim benefits as soon as they are eligible.

## **Equality Implications**

35. The recommendations outlined will have positive equality implications for care experienced young people and young people at risk (YPAR) of homelessness (up to the age of 25). Care experienced young people and YPAR face significant barriers that impact them throughout their lives and outcomes for this cohort are often worse than to their peers. Recognising and making allowances for this by investing in supportive, local SIL services will positively impact on this cohort young people and support them to become thriving adults. An Equalities Impact Assessment (EIA) has been completed and is attached in Appendix 1.

## **Risk management implications**

36. There is a programme risk and resulting reputational risk that the leased properties are not maintained to the standard expected by LBH&F. This would lead to a need for repair and as resulting reputational impact to the council. It is therefore recommended that regular check on upkeep of the properties is established (at a frequency of no less than bi-annually). Upkeep review recommendations should be implemented within three months.

*Jules Binney, Risk and Assurance Manager, 28 June 2024*

### **Climate and ecological emergency implications**

37. This decision does not involve changing infrastructure to hard standings or buildings. However, over the lifetime of the contract the Council will work with the provider and respective landlords to ensure that measures are taken to mitigate negative impacts for the climate emergency, such as installing adaptations to buildings and improving energy efficiency. The provider will be expected to support staff and residents to understand the impact of the climate emergency and how they can take action; this expectation will be outlined in the service specification.
38. The climate change toolkit has been completed for this procurement and follows the necessary guidelines in supporting the Council to meet its Climate and Ecological Emergency Targets.

*Mark Thomlinson, Climate Engagement Lead, 26 June 2024*

### **Local economy and social value implications**

39. It is a requirement that all contracts let by the council with a value above £100,000 provide social value commitments that are additional to the core services required under the contract. The evaluation of social value should account for a weighting of 20% of the overall score.
40. It is recommended that the commissioner works closely with Legal Services to ensure appropriate social value clauses are included in the contract, so that the council can enforce its right to remedies if social value commitments are not delivered.

*Oliur Rahman, Head of Employment and Skills, 28 June 2024*

### **Consultation**

41. The current SIL contract was designed in consultation with young people living in SIL as well as care experienced young people involved in the 'Young Inspectors Programme'. Young people will continue to be engaged throughout the procurement process and during the mobilisation of the new contract.
42. The consultation will also include market engagement with potential bidders and landlords around the service model and use of properties with the aim of developing an innovative and viable service which meets the needs of our young people.

## **Property Implications**

43. The Heads of Terms for four Council-owned properties will be included as part of the procurement and the successful bidder will be expected to take on these leases.
44. The provider will be responsible for all repairs and maintenance, other than major and external works. This will be monitored as part of the contract management.
45. Rental rates are in the process of being reviewed for the properties and will be set considering the market appraisal and regulatory constraints.

*Jonathan Skaife, Head of Commercial Property, 28 June 2024*

## **Digital Services and Information Management Implications**

46. IT Implications: Digital Services need to be engaged upon confirmation of the successful provider in order to support IT requirements arising from this contract, including but not limited to sharepoint access requirements.
47. IM Implications: A Data Privacy Impact Assessment (DPIA) will need to be considered following procurement to ensure all potential data protection risks arising are properly assessed with mitigating actions agreed and implemented. The successful supplier following procurement will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.
48. Any contracts arising from this report will need to include H&F's data protection and processing schedule which is compliant with Data Protection law.

*Implications verified by: Cinar Altun, Strategy Lead, Digital Services – 28 June 2024*

## **LIST OF APPENDICES**

Exempt Appendix 1 – Financial Implications

Appendix 2 – SIL Recommission Equalities Impact Assessment