


<p>Cabinet</p> <p>16 October 2024</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Steve Reddy, Corporate Director, Children’s Services</p>	<p>Classification: Unrestricted</p>
<p>Tower Hamlets Children and Young People’s Supported Housing Pathway</p>	

Lead Member	Councillor Talukdar, Deputy Mayor and Cabinet Member for Education, Youth and Lifelong Learning (Statutory Deputy Mayor)
Originating Officer(s)	Layla Richards, Covering Director Commissioning and Youth
Wards affected	All wards
Key Decision?	No – this report has been assessed as not meeting the key decision criteria
Reason for Key Decision	No
Strategic Plan Priority / Outcome	<p>Strategy</p> <ol style="list-style-type: none"> 1. Homes for the future 2. Invest in Public Services 3. Empower Communities and Fight Crime 4. A council that works for you and listens to you <p>Plan</p> <ol style="list-style-type: none"> 1. A better deal for children and young people: aspiration, education and skills 2. Good jobs and employment 3. Strong, resilient and safe communities 4. Better health and wellbeing

Executive Summary

The Tower Hamlets Children and Young People’s Supported Housing Pathway (“the Pathway”) provides accommodation and housing-related support services to vulnerable children and young people across the borough. This includes looked-after children, care leavers, homeless young people, young mothers and unaccompanied asylum-seeking children, aged 16 to 25. The Pathway is currently delivered via a suite of 4 block contracts held by 3 providers who deliver in-borough accommodation and support: Riverside (One Housing Group), Look Ahead Care and Support and Providence Row Housing Association. 97 young people currently reside in accommodation provided via these contracts and an additional 7 are supported via floating support (that is not directly linked to accommodation

provided via the Pathway).¹ The current contracts come to an end on 31st November 2024.

A tender was released to the market in September 2023 to recommission the provision within the Pathway. However, that tender was unsuccessful, as the Council was unable to attract bids of sufficient quality to be able to award the contracts that form part of the Pathway. In light of this outcome, a decision was made by Cabinet in April 2024 to extend existing contracts by 6 months to enable a new tender process to take place. Following an in-depth review of the Pathway, the service structure and model were reconfigured, and a new tender was launched to the market on 1st August 2024. Unfortunately, the revised service structure and model have again failed to attract a high number of quality bids. As a result, the Council is currently in a position where only 1 of the 4 lots that went out to the market as part of the tender can be awarded. This means that urgent action is needed to ensure that essential services can continue to be delivered to children and young people beyond November.

Under Regulation 32 of the Public Contracts Regulations 2015, in the event of a failed tender, the Council may enter into a negotiated procedure (without prior publication) to award the provision that could not be secured via the tender, provided that the initial conditions set out in the tender are not substantially altered. In order to ensure continued service provision to some of the borough's most vulnerable residents, including avoiding unnecessary moves for children and young people currently accommodated within the Pathway, the Council has approached incumbents and is in the process of agreeing how those providers would be able to deliver the lots that could not be awarded during the tender.

Recognising that this was the second failed attempt of the Council to recommission the Pathway utilising its current block contracts model, the Council has now initiated work on exploring an alternative approach to engaging with the market and securing this type of provision going forward. Based on learning and feedback received from the market during this tender, the focus of these efforts is currently on testing a potential pre-approved supplier list model, in alignment with more innovative models seen across other London-based councils.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Note that Lot 3 of the tender, which included low-to-medium support provision, has now been awarded to a provider (Salvation Army) who is not an incumbent and is also bringing provision in borough.
2. Note that Lots 1, 2 and 4 of the most recent tender could not be awarded due to not enough bids or not enough quality bids having been received. As a result, based on legal and procurement advice, the outcome of this tender now falls within the scope of Regulation 32 of the Public Contracts Regulation 2015. Under Regulation 32, in the event of a failed tender, the Council may enter into a negotiated procedure (without prior publication) to award the provision that could not be secured via the tender, provided that the initial conditions set out in the tender are not substantially altered.

¹ Please note, this is at the time at which this report was drafted. Numbers change regularly as a result of young people moving-on to different provision or securing permanent housing.

3. Note that, in order to ensure continued service provision to some of the borough's most vulnerable residents, including avoiding unnecessary moves for children and young people currently accommodated within the Pathway, the Council has approached incumbents and is in the process of agreeing how those providers would be able to deliver the lots that could not be awarded during the tender.
4. Note that the Council has commenced efforts on exploring a pre-approved suppliers list model, as an alternative to the current block contracts model, based on learning and feedback received from the market during this tender and based on learning from other innovative models seen across other London-based councils.

1 REASONS FOR THE DECISIONS

- 1.1 No decision is requested from the Cabinet, but the Cabinet is asked to urgently note the outcomes of the recent tender for the Children and Young People's Supported Housing Pathway, as well as the actions taken by the Council to mitigate the high level of risks attached to these outcomes to some of its most vulnerable residents.

2 ALTERNATIVE OPTIONS

- 2.1 The tender that was released to the market in August sought between 82 (minimum) and 111 accommodation units across the 4 lots, as well as floating support for 25-29 young people. However, the Council was only able to secure 20 units via the tender, leading to a significant shortfall. In addition, there are currently 97 young people currently residing in accommodation provided via the current Pathway contracts and an additional 7 who are supported via floating support. As the current contracts come to an end on 30th November 2024, it is imperative that the Council identifies alternative options for accommodating and providing support to the young people currently referred in the Pathway, as well as ensuring availability of accommodation units over the next 12 months (subject to negotiation with the relevant providers), whilst the Council develops an alternative model.
- 2.2 The only alternative to enacting the negotiated procedure under Regulation 32 would be to move the young people currently in the Pathway before the end of November. This would be unsettling for most young people and would lead to them having to move before the holiday period, when access to support services may be more restricted. This is particularly problematic given the additional vulnerabilities that most young people on the Pathway present, including in relation to mental health and learning difficulties. In addition, a high number of the young people on the Pathway hold Assured Shorthold Tenancies, meaning that, should the Council not be able to offer alternative accommodation of a similar level, a young person may refuse to move, requiring costly and time-consuming evictions processes to be triggered, that would have a further negative impact on young people's wellbeing.
- 2.3 For children in care and care leavers, the only alternative accommodation options would be spot-purchased placements, which are overwhelmingly out of borough and more expensive. For homeless young people, including vulnerable young mothers with their babies, the only alternatives would be placements into temporary accommodation or adult supported accommodation provision. Moving young people into temporary accommodation would represent a setback in the Council's ongoing efforts to reduce the use of this type of provision, and any placements into supported accommodation with older adults would be accompanied by significant safeguarding risks (e.g. risks of grooming and exploitation).

3 DETAILS OF THE REPORT

- 3.1 The Young People's Supported Housing Pathway provides accommodation and support services to young people aged 16 to 25 who are in and on the edge of care. The Pathway jointly serves the Housing Options Support Team (HOST), the Children's Placements Team (CPT) and the Through Care Service (TCS). Young people are generally referred into the Pathway on placements ranging in length from 6 to 18 months. From the end of April to July 2024, the Commissioning Team worked closely with HOST, CPT, TCS and the Council's Procurement Team to carry out a comprehensive service review of the Pathway and launch a new tender, including carrying out engagement with the market via a small number of workshops and 2 surveys issued to support providers and landlords.
- 3.2 The activity described above led to a revised specification being developed and a tender was released to the market on 1st August 2024. The revised specification included 4 lots focused on: high to medium support provision for children and young people aged 16 to 19, high to medium-support provision for young people aged 18 to 25, low to medium-support provision for young people aged 18 to 25, and low support provision with visiting support for young people aged 18-25.
- 3.3 A very limited number of bids was received, despite a high number of providers initially expressing interest in the tender. As a result, the Council was able to award Lot 3 of the tender to the Salvation Army, which will be bringing 20 medium support units in-borough, but failed to award Lots 1, 2 and 4. This means that urgent action is needed to ensure that essential services can continue to be delivered to children and young people beyond November.
- 3.4 Under Regulation 32 of the Public Contracts Regulations 2015, in the event of a failed tender, the Council may enter into a negotiated procedure (without prior publication) to award the provision that could not be secured via the tender, provided that the initial conditions set out in the tender are not substantially altered. In order to ensure continued service provision to some of the borough's most vulnerable residents, including avoiding unnecessary moves for children and young people currently accommodated within the Pathway, the Council has approached incumbents and is in the process of agreeing how those providers would be able to deliver the lots that could not be awarded during the tender.
- 3.5 Recognising that this was the second failed attempt of the Council to recommission the Pathway utilising its current block contracts model, the Council has now initiated work on exploring an alternative approach to engaging with the market and securing this type of provision going forward. Based on learning and feedback received from the market during this tender, the focus of these efforts is currently on testing a potential pre-approved supplier list model, in alignment with more innovative models seen across other London-based councils.

4 EQUALITIES IMPLICATIONS

- 4.1 An Equalities Impact Assessment has been carried out alongside progressing the next steps on the tender. The Equalities Impact Assessment has highlighted significant risks associated with the decommissioning of the Pathway, including for specific groups that are over-represented in the Pathway when compared to the wider population of the

borough. These groups include: young mothers, young people, women, Muslims, young people from Black African and Mixed backgrounds, care-experienced people, and young people on low incomes or from disadvantaged socio-economic backgrounds.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 The Children and Young People's Supported Housing Pathway is pivotal to safeguarding the most vulnerable children and young people in Tower Hamlets. The Pathway provides children and young people with person-centred support, ensuring that their accommodation needs are being met and that they are supported to successfully transition to independent living. The services in the Pathway support the Council to its statutory responsibilities under the Childrens Act 1989 and 2008, The Housing Act 1996 and The Homelessness Reduction Act 2017.
- 5.2 Progressing the next steps outlined in this report will enable the Council to achieve best value by avoiding spot-purchasing accommodation at higher costs, and by enabling the Council to have continued access to in-borough provision for high demand services.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 In response to the notes stipulated in the recommendation, the total budget available is £1,643,320, with £209,995 allocated to the Salvation Army contract, leaving £1,433,325 for the remaining three lots.
- 6.2 There is a potential risk that providers may submit higher costs, which could exceed the available budget. If the bids for the remaining lots come in higher than anticipated, this could create revenue pressure, requiring alternative funding sources to be identified.

7 COMMENTS OF LEGAL SERVICES

- 7.1 The Council has the legal power to undertake the activities referred to in this report.
- 7.2 The negotiated procedure without prior publication as detailed in Regulation 32 of the Public Contracts Regulations 2015 is a mode of procurement which may be used where the Council has previously run a tender and failed to award due to having received no tenders or suitable tenders in a particular lot or lots. This is the case detailed in this report and therefore the Council has switched to this procurement procedure.
- 7.3 The use of the negotiated without prior publication is only allowable where the initial conditions of the tender are not substantially altered. Therefore, certain changes are allowable provided that the changes are not substantial to mean that the subsequent contract is a manifestly different opportunity than that which was recently tendered.
- 7.4 Notwithstanding the foregoing paragraph, in the event that any such finalised contracts does constitute a substantial change to the initial tender conditions then these awards would constitute a new award without competition. However, regulation 32 would still apply as it may also apply to new awards where for reasons of extreme urgency brought about by events unforeseeable by the contracting

authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with. The failure of bids is not something which in the ordinary course of events is not foreseeable and at this point the Council does not have the time to tender for a third time.

- 7.5 The Council is also legally obliged to ensure the young people in its care receive that care and the current option stated in this report is the only realistic and pragmatic way of ensuring the continued compliance of the Council with this statutory duty.
- 7.6 The Council is required to ensure that it achieves statutory Best Value in the delivery of its legal functions in terms of economy efficiency and effectiveness. Ordinarily, the award of a contract following a tender which has been evaluated on a blend of quality and price would provide significant evidence of adherence to this legal obligation. However, in the absence of tendering information the Council will benchmark prices with similar services and extrapolate from previous prices for the same service to demonstrate the economic element of Best Value. The final awards will be supported by appropriate contract terms and officer monitoring to ensure quality and effectiveness.
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Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- N/A

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE

Officer contact details for documents:

N/A