

Item No.	Classification: Open	Date: 8 March 2019	Meeting Name: Cabinet Member for Children, Schools and Adult Care
Report title:		Gateway 2 Contract Award Approval Southwark Young People's 16+ Support and Resettlement Services	
Ward(s) or groups affected:		All wards	
From:		Strategic Director of Children's and Adults' Services	

RECOMMENDATIONS

1. That the Cabinet Member for Children, Schools and Adult Care, in consultation with the Cabinet Member for Housing Management and Modernisation, approves the award of two contracts for the 16+ Support and Resettlement Services to Oasis Aquila Housing and The Salvation Army for a period of 4 years from 1 July 2019 with an option to extend for a further 2 years (1+1). The total estimated maximum value of both contracts for 4 years is £5.6m as further detailed in paragraph 32, with an estimated maximum contract value of £8.6m should the contract extensions be used for both contracts.
 - Contract A (North) Oasis Aquila Housing – Total estimated maximum contract value £2.8m (4 years).
 - Contract B (South) The Salvation Army –Total estimated maximum contract value £2.8m (4 years).
2. That the Cabinet Member for Children, Schools and Adult Care notes that the third lot for specialist 'high needs' unit that was approved in the gateway 1 report will not be procured at this time and the business case is being explored with a timescale of June 2019 for considering options.

BACKGROUND INFORMATION

3. A GW1 procurement strategy report had been submitted and approved in November 2017 for the Southwark Young People's 16+ Support and Resettlement Services. The new contracts will deliver key services for care leavers and young people at risk of homelessness. These services include a range of housing and support options such as:
 - shared and self contained training accommodation where young people can learn about budgeting, tenancy management and other aspects of independent living;
 - floating support to help young people establish and maintain tenancies in their own right;

- a programme of peer (mutual aid) support and education to enable young people to explore and respond positively to the challenges of more independent lifestyles.
4. Southwark Council currently contracts with three providers to provide accommodation linked support and floating support to both looked after and homeless young people. Accommodation linked to current provision is predominantly shared and not self-contained units. Two of the current providers operate from a single site in the south of the borough and the third provider has a number of properties across the borough. Currently there are three block contracts for the Southwark Accommodation Based Service for Young People and Young People's Floating Support Service that will expire on 31 March 2019. The current contracts are with Lookahead, Oasis Aquila Housing and The Salvation Army. These contracts will need extending in order to accommodate the transfer from the old to the new service. The details of this requirement will be set out in a separate GW3 contract variation report.
 5. The GW1 procurement strategy report had also proposed a third 'lot' consisting of a specialist 'high' needs' unit. An assessment is continuing to develop the service model for young people with complex needs. The procurement therefore was not taken forward.
 6. At the Cabinet meeting held on 9 May 2017 the Leader of the Council delegated authority to the then Cabinet Member for Children and Schools, in consultation with the then Deputy Leader and Cabinet Member for Housing, to approve future procurement decisions for Southwark Young People's 16+ Support and Resettlement Services, including any award of contracts.

Procurement project plan (Key Decision)

7.

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	01/01/2019
Briefed relevant cabinet member (over £100k)	19/02/2019
Approval of Gateway 1: Procurement Strategy Report	16/11/2017
Invitation to tender	25/07/2018
Closing date for return of tenders	14/11/2018
Completion of evaluation of tenders	04/12/2018
CCRB Review Gateway 2:	31/01/2019
DCRB Review Gateway 2:	20/02/2019
Notification of forthcoming decision	25/02/2019
Approval of Gateway 2: Contract Award Report	05/03/2019
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	13/03/2019
Debrief Notice and Standstill Period (if applicable)	25/03/2019

Activity	Completed by/Complete by:
Contract award	26/03/2019
Add to Contract Register	27/03/2019
Publication of award notice in Official Journal of European (OJEU)	28/03/2019
Publication of award notice on Contracts Finder	28/03/2019
TUPE Consultation period (if applicable)	30/06/2019
Contract start	01/07/2019
Contract completion date	30/06/2023
Contract completion date – if extension(s) exercised	30/06/2025

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

8. The new service will result in a step change away from support being provided based on accommodation type to a more dynamic client-centred model where support follows the client as they move through the housing pathway. Two providers, one for the north of the borough and one for the south of the borough will provide a range of housing and support options which will offer flexible support tailored to the individual client, with the ultimate goal of enabling young people to live independently, either in private rented accommodation or council accommodation. For those in care, the housing and resettlement support will be part of a wider personal plan.
9. 16+ Support and Resettlement Service will deliver the following outcomes for residents which link to the Southwark Outcomes Framework:
 - Residents feel more able to access services at an early point and in times of crisis.
 - More residents are helped to feel more secure in their homes.
 - Residents have improved access to community services.
 - Residents feel services are provided in a holistic way.
 - Residents feel that they have access to services to improve their wellbeing.
 - Residents feel more confident to maintain their independence without the need for higher levels of support.
 - Residents feel more able to live in accommodation which is warm, dry and safe, and appropriate to their needs.

Key/Non Key decisions

10. This report deals with a key decision.

Policy implications

11. This contract award supports Southwark's Council Plan commitments. The service will support young people to have a great start in their adult life, a place to belong and a place to call home.
12. The 16+ Support and Resettlement Service specification is underpinned by a number of pieces of legislation. The following are key elements of the legal basis of the Council's duties in this area:
- **Children Act 1989 (s20/22G)** - *To provide looked after children with accommodation that, in so far as is practically reasonable, is (a) within the authority's area and (b) meets the needs of those children.*
 - **Housing Act 1996 (s1891c)** - *To provide housing to people who are statutory homeless, including those who are in priority need due to (a) being aged 16 or 17 years old or (b) aged under or over 21 years who are vulnerable as a result of being in local authority care.*
 - **Children (Leaving Care) Act 2000 [s23B8]** - *To safeguard and promote the child's welfare and, unless they are satisfied that child's welfare does not require it, support them by (a) maintaining them (b) providing them with or maintaining them in suitable accommodation and (c) providing support of such other descriptions as may be prescribed.*

Tender process

13. An advert for the contracts was placed in the following places:
- The Official Journal of the European Union
 - Procontract
 - Contracts Finder
14. The tender process took the form of a restricted procedure. As the values of these contracts were over the EU threshold for light touch services, there was a requirement to follow the Light Touch Regime prescribed by the (EU) Public Contracts Regulations 2015 and advertise the tender in OJEU.
15. Twenty-two organisations expressed an interest in the opportunity. Two did not submit a Selection Questionnaire (SQ), twenty organisations submitted a SQ on time. Of the two that expressed an interest but did not submit a SQ, no reason was given for opting out of the tender process.
16. Each SQ submission was checked first for completeness and compliance before they were submitted to Finance SME's (subject matter experts) for evaluating the organisations economic and financial standing.
17. Ten out of the twenty organisations failed Stage 2 Economic and Financial standing. Feedback was given to the ten organisations that did not pass Stage 2.

Financial assessments were carried out in three parts and against the following criteria:

- credit rating of 40:1 or higher;
 - financial risk assessment for the Council by analysis of key credit ratios
 - a minimum turnover of twice the annual contract value.
18. To achieve an overall pass in the financial assessment, applicants needed to meet all of the above criteria or satisfy the council that their financial assessment (in the case of credit checks) was sufficiently stable to deliver the service required from this tender.
 19. The ten organisations that passed the financial assessment were then evaluated on their responses to the technical questions in Stage 3 of the SQ evaluation.
 20. Technical questions were evaluated by four council officers from commissioning and children's services.
 21. Three out of the ten organisations failed to meet the score required to be invited to tender. Seven organisations passed Stage 3 of the SQ evaluation and were invited to tender.
 22. Appendix 1 details the SQ evaluation outcomes for all applicants.

Tender evaluation

23. Tenders were evaluated using a weighted model of 70:30 price and quality as agreed in the Gateway 1 report. The total annual value per contract was capped at £780k per annum. All bids received were under this capped value.
24. Of the seven organisations that were invited to tender, only two organisations submitted a bid (Oasis Aquila Housing and The Salvation Army). Of those organisations only Oasis Aquila Housing submitted a bid for both contracts. The reasons for opting out given by the other five organisations were:
 - Unable to meet requirements (1 incumbent organisation).
 - Unfortunately we are unable to tender (1 organisation).
 - Decided to tender with another organisation to become a sub-contractor (1 organisation).
 - No response (2 organisations).
25. The tender documentation set out the evaluation methodology to be used to assess the submissions, background to the contracts and the requirements of the council in relation to quality and performance.
26. The tender submissions were assessed by an evaluation panel comprising of commissioners, finance colleagues and operational officers from children's services and a multi agency working team. There was also a Young People's panel of three from SpeakerBox who evaluated responses to two case studies.
27. SpeakerBox is a forum for those children and young people who have or are being looked after by the council. The forum is led by young people in care and care leavers and is supported by a project worker and a Children's Rights Officer.

28. The quality evaluation was made up of nine method statements and two sub-questions, meaning eleven method statement responses were evaluated. The method statements were weighted in relation to their relative importance, as was set out in the tender documents.
29. Both bidders were invited to a clarification interview and to also give two fifteen minute presentations to the council's evaluation panel and the Young People's panel.
30. A moderation meeting took place after the interview and presentations were held and a consensus score for each method statement was achieved following this process.
31. The price evaluation weighting for this procurement was 70%. The weighting was split into the following sub-weights to reflect the development and "ramp up" stage of the contract:

Table A - 16+ Support & Resettlement Services - Price Evaluation (70%) - Sub-weightings per year

Contract Period	Sub-weighting
1st Year	20%
2nd Year	15%
3rd Year	15%
4th Year	20%
Total Price weighting	70%

32. A ceiling and floor cost was applied to the annual contract values. As it was anticipated that the 1st year of the contract will include an element of a mobilisation and transition period, the 1st year ceiling and floor cost was lower than the subsequent years.

Table B - 16+ Support & Resettlement Services - Ceiling and Floor costs per annum

	Floor (£'000) per annum	Ceiling (£'000) per annum
1st Year	400	650
2nd Year	500	780
3rd Year	500	780
4th Year	500	780

33. The price evaluation was based on the weighted scores for years one to four. The contract values from the received tenders are shown in Table C below:

Table C – Tendered Price for Contract A and Contract B

Bidder	Total Contract Value	Total Contract Value <i>plus 2 year extension</i>
Oasis Aquila Housing (Contract A & B)	£2,802,029	£4,281,391
The Salvation Army (Contract B)	£2,818,462	£4,284,082
Totals	£5,620,491	£8,565,473

Note: Oasis Aquila Housing submitted the same price for both contracts.

34. Both bids received were within the financial envelope of £780,000 per annum for this tender. The potential savings i.e. tendered price vs financial envelope is estimated at £300k per contract over a four year period.
35. The final evaluation scores for each contract are shown in Table E and Table F below:

Table E – Contract A - North

Bidder	Total Score (out of 100)	Ranking
Oasis Aquila Housing	95.2	1

Table F – Contract B - South

Bidder	Total Score (out of 100)	Ranking
Oasis Aquila Housing	94.37	1
The Salvation Army	90.22	2

**Oasis price score was lower in the evaluation of Contract B due to sub-weightings applied for each year.*

36. As specified in the Conditions of Tendering documentation, bidders can not be awarded both contracts. The council has reserved the right to choose which contract is to be awarded to successful bidders who have tendered for both contracts. Oasis Aquila Housing scored highest in both tender evaluations for Contract A and Contract B and The Salvation Army scored well in terms of quality and was within the cost envelope. Therefore, the recommendation is to award Contract A (North) to Oasis Aquila Housing and Contract B (South) to The Salvation Army.
37. The outcome of this tender secures providers who not only have past experience in delivering similar services to Southwark's 16+ residents, but also have with the sub-contracting arrangements in place, will ensure that the council capitalises on the specialism from another organisation and allows access to utilise other properties in order to deliver a range of services for service users.
38. Both Oasis and The Salvation Army are incumbent providers who currently deliver the service from single site properties in the south of the borough. The third incumbent provider has a range of properties across the borough. The intention is for the two new providers of this service to assess the properties of the third incumbent provider has with a view of expanding service users choice in where they want to live by taking on suitable properties from them.
39. Oasis Aquila Housing, recommended for Contract A (North) has a sub-contracting arrangement with Depaul to provide the Peer Mentoring service element. The Salvation Army, recommended for Contract B (South) has a sub-contracting arrangement with Oasis Aquila Housing which will add a women only unit to their portfolio. Due diligence was carried out on this procurement and the

sub-contracting arrangements put in place by both bidders have improved each bid by adding services that would not otherwise be available, see paragraph 49.

40. Full details of the SQ evaluation and the Tender evaluation are outlined in Appendix 1 – Selection Questionnaire Evaluation and Appendix 2 – Tender Evaluation of the closed report.

Plans for the transition from the old to the new contract

41. TUPE will apply upon the award of the contracts. A three month mobilisation period has been provided for and it is anticipated that this will allow sufficient time to enable a smooth transfer from the existing providers to the new providers. The new contract also has a 12 to 18 month transition phase to allow the new providers to develop the new service model.
42. The commissioning lead will oversee the mobilisation from the current providers, in liaison with operational colleagues from children’s services, the multi agency working team and the new providers.

Plans for monitoring and management of the contract

43. The current contracts will be managed by the contract monitoring team who sit within the Children’s, Adults and Families business unit within the Commissioning Division.
44. The monitoring arrangements will provide information on whether or not the contracts are performing as expected. Quarterly reports will reflect the outcomes that have been achieved against the agreed targets.
45. Six monthly DCRB reports and an Annual Performance Report for both contracts will be produced for consideration by CCRB as set out in the Contract Standing Orders.

Identified risks for the new contract

46. The following risks and associated mitigations have been identified;

Risks	Mitigation or control	Likelihood
Lack of capacity in the new contracts.	An indication of what the expected volumes will be when the service is at full capacity has been communicated within the specification. The method statements provide assurance from providers about how they will fulfil these requirements. Also a transition period is included within the contract period to allow contractors time to ramp up to the maximum capacity.	Low

Lack of suitable accommodation.	Current properties have been made available for the new service and the new providers have also been encouraged to seek new properties to meet specification requirements where needed. Providers submitted a proposal regarding the accommodation they plan to use within their Service Transition method statement response.	Low
Service is utilised by ineligible service users.	A review of the eligibility of existing service users is currently in progress and undertaken by the multi agency working team including commissioning and operational colleagues. Plans for move on to more suitable accommodation are being made.	Medium
Current contract extensions not agreed.	The GW3 report has been drafted and is on the same governance journey as this report. Suitable options to mitigate for contracts not being extended to allow for an appropriate amount of time to transition from the old to new service.	Medium

Community impact statement

47. The proposed contract awards sought in this report are intended to enable the delivery of key services to care leavers and young people at risk of homelessness, all of whom could be considered to have a protected characteristic under the Equality Act 2010, requiring the council to have due regard to their needs when making procurement decisions. A further equality analysis will be undertaken in order to ensure that the service delivery model remains appropriate for all service users.

Social Value considerations

48. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the

tender responses, evaluation and commitments to be delivered under the proposed contract.

49. The council's Fairer Futures Procurement Policy requires payment of the LLW, where appropriate. It is appropriate for all staff working on this contract to be paid LLW. It is expected that payment of the LLW by the successful bidders will result in quality improvements for the service users. These should include a higher calibre of multi-skilled operatives that will contribute to the delivery of the services and will provide best value for the council. It is therefore considered appropriate for the payment of LLW to be required. Following award, these quality improvements will be monitored as part of the contract review process.
50. The successful bidders have satisfied the requirements of the Council by committing to pay the London Living Wage (LLW). The successful bidders have also committed to making other positive contributions to the wider community by:
 - Providing Community Hub and Spoke models which reaches communities wider than the 'service delivery'
 - Encouraging local people as well as ex-service users to apply for roles within their organisations.
 - Employing locally based apprentices and providing support through their apprenticeship and onto full-time permanent employment.
 - Providing volunteering and mentoring training to combat the causes and effects of homelessness.

Economic considerations

51. 16+ Support & Resettlement Services aims to not only help young people secure independence but also prepare young people for entry into education, employment or training , increasing social value within the borough.

Social considerations

52. This service supports council policy objectives to promote independence and well-being by funding activities and services to facilitate community representation and voice in the areas of health and social care. This will further the aim of promoting inclusive and representative community participation in the planning, commissioning, delivery and quality of these services in Southwark.

Environmental/Sustainability considerations

53. There are no environmental /sustainability considerations.

Market considerations

54. The market for 16+ support and housing providers is stable, competitive and robust. There are 1,758 registered social housing providers in the United Kingdom (according to the August 2017 national registered database). It is recognised that a high proportion of these providers supply some degree of supported housing, with many specialising in young people and children's services.
55. The innovative model and scale of Southwark Young People's 16+ Support and Resettlement Services received a strong reception from the market through its

early engagement workshops and was evident with the twenty-two expressions of interest received.

Staffing implications

56. Staffing and contract management resources will be met within the Children's and Adults' Commissioning Team.

Financial implications CAS18/052

57. Sufficient budget has been identified to fund the contract awards recommended within this report. As noted in the contents of this report, the prices included within the winning bids are below the modelled ceiling price, therefore over the lifetime of the contracts it is anticipated that the combined cost will be approximately £2.5m less than they might have been. The total value of the contracts to be awarded is approximately double that of the existing offer, so the service will need to work closely with colleagues in finance to track the benefits and demonstrate that this investment results in a significant reduction in provision of more expensive placements.

Legal implications

58. Please see the concurrent report of the Director of Law and Democracy below.

Consultation

59. Young people who use 16+ support and housing services have been involved at every stage in helping to shape and design their own services. Young people were involved in the evaluation of tenders, and through engagement, providers are to ensure that young people are involved in the design of new service models as required.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance

60. Sufficient budget has been identified to fund the contract awards recommended within this report. As noted in the contents of this report, the prices included within the winning bids are below the modelled ceiling price, therefore over the lifetime of the contracts it is anticipated that the combined cost will be approximately £2.5m less than they might have been. The total value of the contracts to be awarded is approximately double that of the existing offer, so the service will need to work closely with colleagues in finance to track the benefits and demonstrate that this investment results in a significant reduction in provision of more expensive placements.
61. Within Children's this will include some additional one off budget commitment in 2019-20 to initially underwrite the share of the contract cost whilst the savings and cost avoidance feed through to finance the arrangement in the medium to longer term. This achievement will need to be tracked through carefully in 2019-20.

Head of Procurement

62. This report seeks the approval for the Cabinet Member for Children, Schools and Adult Care, in consultation with the Cabinet Member for Housing Management and Modernisation for the award of two contracts for 16+ support and Resettlement Services, each for a period of 4 years with an option to extend for a further 2 years in yearly in from 1 July 2019. The contracts are to Oasis Aquila Housing in the north of the borough and to The Salvation Army in the south of the borough. The total estimated maximum value of both contracts for 4 years is £5.6m and for 6 years would be £8.6m. The report sets out the total costs for the contracts in paragraph 32.
63. The contract areas were set out to be won by individual organisations. Oasis Aquila Housing submitted bids for both lots of the contract, whilst The Salvation Army only bid for the contract in the south of Southwark. Both tenders were evaluated to ensure that they met the requirements and were within the price models set out for these contracts.
64. Paragraphs 42-44 detail how the contract will be monitored and managed. London Living Wage is applicable under the contract, with full details in paragraph 48 of the report.

Director of Law and Democracy

65. This report seeks approval of the award of contracts for the delivery of the 16+ support and resettlement services, as detailed in paragraph 1.
66. The procurement of these contracts is subject to the application of the (EU) Public Contracts Regulations 2015 and the report explains from paragraph 12 the steps that have been taken to ensure that the procedural requirements have been complied with. The procurement process described is also consistent with the requirements of the council's Contract Standing Orders, and adequate provision has been made in the procurement timetable for the necessary TUPE related consultation and transition arrangements to be implemented.
67. The community impact statement set out at paragraph 46 acknowledges the requirements of the Public Sector Equality Duty imposed by section 149 of the Equality Act 2010 and confirms that a further equality analysis is to be undertaken in order to demonstrate continuing compliance with that statutory duty.
68. As noted in paragraph 6, the decision to approve the proposed contract awards has been delegated to the Cabinet Member for Children, Schools and Adult Care, in consultation with the Cabinet Member for Housing Management and Modernisation.

1. DECISION(S)
As set out in the recommendations of the report.

2. REASONS FOR DECISION

As set out in the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

Not applicable.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION

Not applicable.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.

Not applicable.

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

or

I declare that I was informed of the conflicts of interests set out in Part B4.*

(* - Please delete as appropriate)

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1: Procurement Strategy Approval	160 Tooley St, London, SE1 2QH	Cynthia Davis – Assistant Director Commissioning
Link: http://modern.gov.southwark.gov.uk/documents/s72256/Report%20Gateway%201%20Strategic%20Procurement%20Strateg%20Approval%20Southwark%20Young%20Peoples%2016%20Support%20and%20R.pdf		

APPENDICES

No	Title
None	

AUDIT TRAIL

Lead Officer	David Quirke-Thornton, Strategic Director of Children and Adults	
Report Author	Samantha Edwards, Procurement Specialist	
Version	Final	
Dated	07 March 2019	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Director of Exchequer (for housing contracts only)	N/A	N/A
Cabinet Member	N/A	N/A
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet	N/A	N/A
Date final report sent to Constitutional Team	7 March 2019	

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	16+ Support and Resettlement Service
Contract Description	Provision of support, housing and resettlement offer for Southwark looked after children and care leavers, and young people at risk of homelessness aged 16 years and older.
Contract Type	Fixed Term
Lead Contract Officer (name)	Abigail Garraway
Lead Contract Officer (phone number)	0207 525 7627
Department	Children, Adults & Families Commissioning Team
Division	Children's, Adults' and Families Services
Procurement Route	OJEU Restricted
EU CPV Code (if appropriate)	85300000
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed Price
Supplier(s) Name(s)	Contract A (North) – Oasis Aquila Housing Contract B (South) – The Salvation Army
Contract Total Value	£4,281,391 + £4,284,082
Contract Annual Value	£1,427,578 avg
Contract Start Date	1 July 2019
Initial Term End Date	30 June 2023
No. of Remaining Contract extensions	2 x 12 months
Contract Review Date	31 December 2019
Revised End Date	30 June 2025
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	
Comments	
London Living Wage	Yes