

**From:** Matt Dunkley CBE, Corporate Director of Children, Young People and Education

**To:** Sue Chandler, Cabinet Member for Integrated Children's Services

**Decision No:** 22/00017

**Subject:** Shared Accommodation and Young Persons Supported Accommodation and Floating Support Service contracts

**Classification:** Unrestricted

**Past Pathway of Paper:** Children, Young People and Education Cabinet Committee – 1 March 2022

**Future Pathway of Paper:** Cabinet Member Decision

**Electoral Division:** All

**Summary:** This report details the challenges encountered as part of a recommissioning programme for accommodation services for 16-21-year-olds, in light of the recent announcement to introduce regulation to previously unregulated provision. Over the past year, commissioners completed all activities, produced a business case and commissioning plan and were looking to seek approval through informal governance in December to progress to a Key Decision after CYPE Cabinet Committee on 11 January 2022. The proposal was to enter into a Procurement for a competitive tender for services where contracts are ending in September and October 2022.

Indication from Ofsted came in early December with a more formal announcement in the following days. The timescales initially stated have since changed providing a lot of unknowns and derailing the commissioning intentions, developed through engagement with young people, KCC staff, District Councils and providers. The introduction of regulation would require some of those activities to be repeated, with a new commissioning plan developed.

It is therefore proposed that a Key Decision is sought to directly award contracts to Clearsprings Ready Homes (Shared Accommodation) from 1 November 2022 to 31 March 2023 and to Look Ahead Care and Support, Sanctuary and YMCA (Young Persons Supported Accommodation and Floating Support) from 1 October 2022 to 31 March 2023. These providers hold the existing contracts that have no provision to extend. This action is sought to provide additional time, prior to regulation of these services being introduced, so that the implications are more fully understood by the Council and potential providers bidding for the services.

**Recommendations:** The Cabinet Member for Integrated Children's Services is asked to take the proposed decision (attached as Appendix One) to:

- a) DIRECTLY AWARD a new contract, under the same terms and conditions to Clearsprings Ready Homes from 1 November 2022 to 31 March 2023 for Shared Accommodation services.
- b) DIRECTLY AWARD a new contract under the same terms and conditions to

Look Ahead Care and Support, Sanctuary and YMCA from 1 October 2022 to 31 March 2023 for the Young Person's Supported Accommodation and Floating Support (YPSAFS) services.

- c) Delegate authority for the Corporate Director Children, Young People and Education in consultation with the Cabinet Member to award a contract following a competitive tender process and implement the Decision.

## **1 Introduction**

- 1.1 The Young Persons Supported Accommodation and Floating Support (YPSAFS) and Shared Accommodation contracts are due to expire on 30 September 2022 and 31 October 2022 respectively.
- 1.2 KCC has a statutory responsibility to safeguard and promote the welfare of Kent Children in Care and ensure best value for money it spends on behalf of the Kent population. It also has a statutory responsibility to ensure there is safe and sufficient accommodation for Children in Care.
- 1.3 The Shared Accommodation contract is currently held by Clearsprings Ready Homes and commenced on 1 November 2017. There is no provision in the contract to extend.
- 1.4 The Young Persons Supported Accommodation and Floating Support contract is currently held by Look Ahead for West Kent and South Kent, Sanctuary Housing for East Kent and YMCA for North Kent. These contracts commenced on 1 October 2018 and there is no provision in the contract to extend.
- 1.5 Following full analysis of the provision data, market position and engagement with Social Workers, Personal Advisors, the Strategic Unaccompanied Asylum-Seeking Children (UASC) service, District and Borough Councils, providers of accommodation services and young people, a Business Case and Commissioning Plan were developed and were due to be presented to the Children, Young People and Education Cabinet Committee in January 2022. However, the announcement by Ofsted in December 2021 to require regulation in a previously unregulated accommodation market has significantly impacted the proposed direction of travel.
- 1.6 More information has come to light since the initial announcement which has enabled a more informed set of options for consideration although without full clarity, to enter into the recommissioning plans that were due to be proposed for decision at this stage could introduce significant service, financial and contractual risks to the Council.
- 1.7 This is compounded due to the unique position the Council has with the Reception Centre estate, which we think is out of scope for Ofsted at this stage and is therefore out of scope of this re-commissioning activity.

## **2 Current situation**

2.1 Accommodation services that fall out of regulation have been widely used nationally and have, in some cases, had poor media coverage. In Kent, we have used unregulated provision as follows:

- **Shared Accommodation.** This was initially commissioned to act as move-on accommodation for the UASC cohort after their eight-week stay in a Reception Centre. This is usually a three or four bed property used with matched young men aged 16+. This is an accommodation-only model with support from the Social Worker or Personal Advisor.
- **Semi-Independent Accommodation.** This is spot purchased from Providers where Commissioners check the appropriate policies and procedures for understanding and supporting young people. This is usually a three or four bed property with an office for staff to be on site occasionally, between 8am and 8pm or 24 hours a day depending on the way the provider has set up their service or the needs of the young people. More recently, this type of accommodation is being used to place more children and young people with complex backgrounds, multiple issues and often a history of breakdown in regulated accommodation. These children can be very difficult to place in registered provision (children's homes or fostering) and therefore end up in unregulated settings, using bespoke packages of support. Paradoxically, many of these complex young people thrive. Ofsted has already outlawed this accommodation for under 16-year-olds requiring providers to immediately close or become registered.
- **Supported Lodgings.** This is where a young person lives in a family environment where the host family is registered with the County Council. This service was brought in-house from 1 February 2021 following a full commissioning review.
- **YPSAFS.** This service was formerly the Housing Related Support service, recommissioned to accommodate statutory young people and Children in Need, on the edge of care, to prevent them becoming a Looked After Child.

2.2 Shared Accommodation has grown significantly since the start of the contract and not in-line with a predicted reduction as detailed in the Sufficiency Strategy. This is due to the fluctuating unpredictable UASC arrivals and the flexibility of the provider through the pandemic where move-on from accommodation was restricted.

2.3 In 2021, the Change for Kent Children Programme established a workstream to focus on reducing the number of young people in high-cost Semi-Independent Accommodation. This saw a shift of citizen young people moving into Shared Accommodation.

2.4 Overwhelming feedback from social care professionals was the need to introduce a package of support to young people in Shared Accommodation where they were continually causing disruption in the properties due to cleanliness and damage. This was included as part of the accommodation pathway for the initial recommissioning plans for the services.

2.5 Providers of both Shared Accommodation and YPSAFS have worked in partnership with KCC to deliver services and accept a lot of risk that may not be appropriate to that which is commissioned. Good effective relationships have

been developed which enable open and transparent conversations about provisions, young people and an understanding of the challenges faced.

- 2.6 The need to accommodate high needs complex young people has increased alongside a lack of suitable accommodation, provider risk appetite or availability at an affordable cost.

### 3 Activity and costs

- 3.1 The table below shows the placement costs for 16 and 17-year-olds currently in Shared and Supported Accommodation services being required to move to spot-purchased semi-independent accommodation if contracts are not renewed. Under Ofsted proposals, semi-independent would still need to become regulated and would likely incur additional costs.

Provision	Current standard weekly cost	Number of 16/17 year old Children as of 31.10.21	Total Weekly Cost	Total Weekly Cost if moved to semi-independent	Difference weekly cost
<b>Semi-Independent Accommodation</b>	<b>£550</b>	<b>92</b>	<b>£50,600</b>	<b>£50,600</b>	<b>£0</b>
<b>Supported Accommodation</b>	<b>£420</b>	<b>44</b>	<b>£18,480</b>	<b>£24,200</b>	<b>£5,720</b>
<b>Shared Accommodation (No support)</b>	<b>£125</b>	<b>102</b>	<b>£12,750</b>	<b>£56,100</b>	<b>£43,350</b>
				<b>Total</b>	<b>£49,070 (Weekly) £2,558,510 Annually</b>

- 3.2 The number of young people across the provision, age and status is detailed below:

Provision	Number of 16/17 year olds as of 31/12/2021	Citizen/UASC	Number of 18+ as of 31/12/2021	Citizen/UASC
Semi-Independent Accommodation	72	UASC 25 Citizen 47	15	UASC 6 Citizen 9
Supported Accommodation (YPSAFS)	Children in Care - 17  Children in Need - 30	UASC 2 Citizen 15  Citizen 30	CL – 73  Former Children in Need – 29 (Note lower numbers than usual due to significant damages caused by CLs causing delays in re-letting)	UASC 14 Citizen 59
Shared Accommodation	87	UASC 72 Citizen 15	479	UASC 437 Citizen 42
	<b>206</b>	<b>UASC 99 Citizen 107</b>	<b>567 596 (incl 29)</b>	<b>UASC 457 Citizen 110</b>

## 4 Challenges and Risks impacting on recommissioning and service provision

4.1 What we currently understand about Ofsted’s position and future intentions to regulate the unregulated provision is as follows:

- It is unlikely to include the Reception Centre estate, although may release standards and conditions to be met
- From 9 September 2021, placements for children aged under 16 in unregulated provision receiving, or not receiving, **care** or **support** was outlawed
- **Care** provided in accommodation provision for anyone under 18 must be regulated, both the care and the property
- It is unclear when new placements must be in regulated provision, assumed 1 April 2023. However, it was initially indicated that from 1 April 2022, providers delivering unregulated provision must take steps to become regulated providers by Ofsted. There has since been further communication where Ofsted will begin registering providers from April 2023 ahead of the new national standards becoming mandatory for all providers from Autumn 2023, at which point all providers will need to be registered with the first full inspections expected to begin from April 2024. There is funding to support the additional burden for Ofsted inspectors
- <https://www.gov.uk/government/consultations/introducing-national-standards-for-unregulated-provision>

4.2 The table below seeks to identify some options to address the known challenges and risks. Balancing the unknown requirements, costs, and impact on young people, further work is needed to understand and plan all impacts and to develop revised Commissioning approaches, revisiting the engagement with providers, professionals, Districts and Boroughs as well as the young people. To rush this to have a contract in place by November 2022 would potentially risk young people having to move in an unplanned way, providers building in costs, reputational risk for the local authority if the procurement is to be aborted. The recommendation in this report is not without risk and could be at risk of challenge if not managed appropriately. It is therefore suggested a Voluntary Ex-Ante Transparency (VEAT) notice is published to reduce the risk of challenge prior to the contracts expiring.

Challenge/risk	Impact	Options
Insufficient clarity of what the regulations may entail	Providers costing in the risk of regulation expecting it to be as robust as regulations for residential and fostering services. Inaccurate specification due to not knowing the regulation requirements resulting in the contract not being fit for purpose	1. Delay a procurement, directly awarding to existing providers for a short period following the contracts natural end 2. Procure new services with the necessary break clauses in place should providers not become regulated
Current providers may not wish to become regulated	The properties accommodating approx. 800 of Kents young people may not be accessed by a new provider leaving a longer mobilisation period. Uncertainty that the market	1. Delay a procurement, directly awarding to existing providers for a short period following the contracts natural end to determine if there is an appetite for the market as

	has enough regulated provision to meet the Councils needs and demand. Uncertainty of the qualified workforce required including the potential cost impact of staffing	to whether they wish to become regulated 2. Procure new services with the stipulation that they are required to achieve the regulation with the necessary penalty clauses 3. Explore whether KCC is able to become the Ofsted registered provider and whether that model would be a viable option for providers
KCC commissions an accommodation service from 1 November 2022 as planned	Providers may build in costs for unknown risk. Challenging timescales to achieve a successful procurement. Uncertainty of the Ofsted regulation requirements could lead to having to go out to the market for a second time	1. Procure a [period to be defined] contract and recommission once we understand the requirements from Ofsted, with an understanding that the procurement period will need to be accounted for.
KCC commissions a supported accommodation service from 1 November 2022 for 16/17-year-olds only advertising a regulated provision	Providers may not become regulated in that time Potentially more expensive provision ~200 YP moving Potential further move at 18, Unsettling for the YP Could be challenged by the current unregulated market who wish to register to be regulated by Autumn 2023. Uncertainty from the market as to whether the proposal would be financially viable or attractive due to placement figures.	1. Procure a supported accommodation service for 16/17 year olds.
KCC also commissions an accommodation service from 1 November 2022 for 18+ Care Leavers which would not be subject to the regulation, up to the age of 19	All young people that turn 18 will need to be moved to the new service for over 18's only impacting on internal resources and time. Risk that this would not be desirable for the market to bid due to reduced number of placements	1. Procure an accommodation only model for young people aged 18 and over.
Not renewing the YPSAFS service placing all 16/17-year-olds including Children in Need (CIN) into alternative accommodation which could include semi-independent spot purchased accommodation.	Increased placement costs to the Council. No contract management to ensure outcomes are achieved. More 16/17-year-olds coming into care as YPSAFS currently accommodates CINs.	1. Procure outreach service to provide support in to Shared accommodation for 16/17-year-olds only.

	Semi-independent market needs to become regulated.	
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## 5 Timescales

- 5.1 The initial Procurement timetable for accommodation services from November 2022 allowed a 10-month tender and mobilisation period. With the announcement and the initial plan having to be largely aborted, a new tender and mobilisation period would need to commence in June 2022 at the very latest to achieve full re-procurement by April 2023. This provides three months to repeat 12-months activity with the regulation guidance not fully understood at the stage (by Local Authorities or Providers).
- 5.2 In a letter<sup>1</sup> dated 8 December 2021 from Rt Hon Nadhim Zahawi MP, Secretary of State for Education to Amanda Spielman, Her Majesty's Chief Inspector, Ofsted, it states "The Department will publish the national standards on a 'for information' basis early next year, ahead of laying the regulations for the standards and the registration and inspection framework in Summer 2022. The standards will be subject to final changes, but early publication will enable the provider base to begin implementation and prepare for registration."
- 5.3 These uncertainties will require a full new commissioning process with refreshed engagement activity to fully understand the impact with a renewed market engagement process. Time has been lost which means the procurement timetable, to include mobilisation (should that be required) would be impossible to have a seamless transition.

## 6 Financial Implications

- 6.1 The Shared Accommodation Service is largely funded by the Home Office grant for UASC. YPSAFS was funded from the Supporting People grant, which was transferred into CYPE budget. For both services the rates have been fixed for the duration of the contracts at £125 per week blended rate for Shared (plus £19.45 per week utilities) and approximately £240 per week for YPSAFS. Housing Benefit is received for eligible young people and off-sets these costs.
- 6.2 The annual budget for YPSAFS service is £2.88m which includes a variable rental payment. The floating support rate has been fixed since the contract commencement at an average of £20 per hour.

YPSAF	Year 1 18/19	Year 2 19/20	Year 3 20/21
Total Spend	£2,880,000	£2,880,000	£2,880,000
Total individual Young People accommodated	340 (including transitional from HRS)	329	289

Housing Benefit funds the rent direct to the providers rather than being reclaimed.

Covid-19 eviction restrictions on tenancies affected those being placed in the schemes during Year 2 and 3.

6.3 The following table identifies the expenditure on Shared Accommodation placements made over the past three years:

Shared	Year 1 18/19	Year 2 19/20	Year 3 20/21
Total Spend	<b>£3,193,846</b>	<b>£4,749,860</b>	<b>£5,750,989</b>
Housing Benefit Credit	<b>-£294,311</b>	<b>-£382,645</b>	<b>-£404,423</b>
Total individual Young People accommodated	<b>711</b>	<b>881</b>	<b>865</b>

6.4 The Department for Education<sup>2</sup> has included investment to Ofsted from the Spending Review worth £17 million between April 2022 and March 2025 to build up the capacity and capability to deliver the new system of regulation and inspection. They state that “a further £121 million from the overall settlement for these reforms will be distributed to councils to cover the cost associated with introducing the national standards.” And that “the Department for Education will also invest an additional £1.25 million from the Spending Review settlement to help ready the sector for the reforms.”

## 7 Legal Implications

7.1 The Council has a statutory duty to provide suitable and safe accommodation that has the right level of support for Children in Care, in accordance with the Children’s Act 1989.

7.2 The Council must provide Care Leavers (including former UASC) with support and financial support to assist in prompting their welfare, especially in relation to maintain suitable accommodation and helping them access education, training, and employment.

7.3 Spending the Council’s Money requires procurement to be competitive. Directly awarding the contract could be considered a suitable route under Regulation 72 of the Public Contract Regulations 2015. There is no provision in either contract to extend these arrangements.

## 8 Equality Implications

8.1 An Equality Impact Assessment (EqIA) was completed for Young Peoples Supported Accommodation and Floating Support Service and for Shared Accommodation alongside the initial commissioning intentions. A further screening will be required once the known direction is confirmed.

## 9 Other Corporate Implications

<sup>2</sup> <https://www.gov.uk/government/news/transformational-investment-in-childrens-social-care-placements>



- 9.1 The Council is the Corporate Parent for Children in Care and Care Leavers and has duties and responsibilities through its offer to the Children and Young People in, or leaving, our care.

## 10 Governance

- 10.1 Accountability sits with the Corporate Director for Children, Young People and Education. Responsibility sits with the Directors of Integrated Children's Services.

## 11 Data Protection Implications

- 11.1 A Data Protection Impact Assessment (DPIA) for the new service will be implemented following contract award with the successful provider(s).

## 12 Conclusions

- 12.1 The announcement derailed a years-worth of commissioning activity and, once the requirements from Ofsted are more defined, a revised engagement programme can be completed and a clearer commissioning plan can be developed.
- 12.2 With the contracts ending in September and October 2022, even if the requirements were clearly defined, a procurement exercise would be challenging.
- 12.3 In order to ensure the Council meets its statutory requirements to the 16/17-year-old cohort up to the point of regulation, to allow greater time to understand the full implications and specify requirements, including budget and whether any new burdens funding will follow to meet the impact on KCC, the Cabinet Member will be asked to consider directly awarding a contract to Clearsprings Ready Homes for five months from 1 November 2022 to 31 March 2023 and to Look Ahead Care and Support, Sanctuary and YMCA from 1 October 2022 to 31 March 2023. Commissioners would work with providers to seek acceptance to a direct award on the same terms and conditions and cost for the short period to mitigate on potential challenge on those points.

## 13 Recommendations

**Recommendations:** The Cabinet Member for Integrated Children's Services is asked to agree the proposed decision (attached as Appendix One) to:

1. DIRECTLY AWARD a new contract, under the same terms and conditions to Clearsprings Ready Homes from 1 November 2022 to 31 March 2023 for Shared Accommodation services.
2. DIRECTLY AWARD a new contract under the same terms and conditions to Look Ahead Care and Support, Sanctuary and YMCA from 1 October 2022 to 31 March 2023 for the Young Person's Supported Accommodation and Floating Support (YPSAFS) services.
3. Delegate authority for the Corporate Director Children, Young People and Education in consultation with the Cabinet Member to award a contract

following a competitive tender process and implement the Decision.

## 14 Background Documents

14.1 Included as Footnotes

## 15 Contact details

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