

**Report of:** Executive Member for Health and Wellbeing

Meeting of:	Date	Ward(s)
Executive	14 January 2016	Clerkenwell, Holloway, St Georges, Tollington
Delete as appropriate	Exempt	Non-exempt

## THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

**SUBJECT: Contract award recommendation for supported housing services for people with substance misuse issues**

### 1. Synopsis

- 1.1 The procurement strategy for housing support service for people with substance misuse issues was approved on 12 February 2015. The procurement activity is now concluded. This report seeks permission to award two contracts to provide supported housing services for homeless people with substance misuse issues.
- 1.2 The service will provide supported accommodation for up to 67 current and former substance misusers including alcohol, drug and abstinent services under a block contract within the borough of Islington. The service will provide short term accommodation and a high quality housing-related support service for homeless and vulnerable substance misusers aged 18 to 65 years. The purpose of which is to enable service users to gain the skills to live independently and move on to appropriate accommodation within 6-12 months. The service will work with the private sector and partner agencies to identify appropriate move on accommodation.

### 2. Recommendations

- 2.1 To award a contract to St Mungo's to deliver three services, two services located in Clerkenwell Ward and one service in St George's Ward, for a period of three years commencing on 1 April 2016, ending on 31 March 2019 with the option to extend for two three year periods until 31 March 2025.
- 2.2 To award a contract to Family Mosaic to deliver services at both Holloway Ward and Tollington Ward for a period of three years commencing on 1 April 2016, ending on 31 March 2019 with the option to extend for two three year periods until 31 March 2025.

### 3. Background

- 3.1 Both contracts to be awarded The total annual contract value for each contract being:

Provider	Annual Contract Value
St Mungo's	£234,098
Family Mosaic	£373,500
Total annual contract value	£607,598

- 3.2 As detailed in the pre-tender report, these services represent value for money. There were therefore no planned percentage reductions as significant efficiencies were realised in the commissioning of substance misuse services in 2013/14.
- 3.3 The total value of this procurement will be £5,468,382 based on a maximum 9 year (3+3+3) contract including extension period for all five services. The procurement did achieve a further small reduction from the anticipated contract value of £6,255 over the 9 year period, representing £695 per annum.
- 3.4 Both contracts are being awarded to the incumbent providers, which will mean that the properties and staffing will continue to be available. Current service users will therefore continue to reside at their present accommodation and receive continuity of service.
- 3.5 A number of existing substance misuse and offender services were reviewed in 2013 to ascertain if they were fit for purpose or whether they required an alteration to their service models. The review recommended that Islington continue to provide supported housing for substance misusers and offenders. The review also recommended that some revision to the existing service models including a reduction in the length of stay in these services. The aim of which is to increase throughput and thereby access for greater numbers of Islington residents. This procurement has solely dealt with substance misuse services. Combined substance misuse and offender services were commissioned in a previous procurement exercise in 2014.
- 3.6 The new contracts will work to the new model delivering short term accommodation based housing support services and visiting support. These services will assist substance misusers develop to the skills they need to live independently and tackle their substance misuse issues. Additionally, these services form a crucial pathway for people to move on from homelessness to greater independence.
- 3.7 This is central to Islington's strategy for preventing vulnerable people becoming socially excluded and isolated. Housing support services are cost effective and save money by preventing homelessness and lowering the need for placements in temporary accommodation whilst promoting people's independence and reducing need in the longer term. Furthermore, these services work to reduce preventable referrals to statutory services thereby reducing the longer term costs to the borough.
- 3.8 Service users and wider stakeholders were involved in the review of services and the redesign of the service model.

### 4. Procurement

#### 4.1 Pre-tender selection (PQQ stage)

These services were advertised to be procured following a single procurement process initially based on a two-part, restricted process. As detailed in the pre-tender approval report, the services were divided into five lots. Lots one to three were services provided by St Mungo's. Lots four and five were services provided by Family Mosaic. Organisations could apply for any number of lots. The highest scoring organisation for each lot would be offered a contract for that lot. However, any one organisation would only be offered a maximum of three (3) lots.

Had any organisation been the highest scoring organisation in more than three (3) lots the next ranked organisation will be offered a contract. Therefore, bidders were asked to state in their application the lots that they were applying for and order of preference.

4.2 However, at PQQ stage there were only two submissions, both of which were from the incumbent providers, Family Mosaic and St Mungo's Broadway. Both of these submissions met minimum requirements to proceed in the process and in accordance with Regulation 13A of the Public Contracts Regulations 2006, Islington decided not to proceed to the Invitation to Tender (ITT) stage and instead entered into direct negotiation with the two organisations.

4.3 **The award criteria for these contracts assessed at Invitation to Tender was as follows:**

<b>Cost</b>	<b>20 %</b>
<b>Quality 80% made up of:</b>	
Proposed approach to mobilisation and implementation/change management	10%
Proposed approach to service model	20%
Proposed approach to workforce management	10%
Proposed approach to partnership Working	15%
Proposed approach to managing performance and outcomes	15%
Proposed approach to client engagement and involvement	10%
<b>Total</b>	<b>100%</b>

4.4 Following the decision to directly negotiate with the two incumbent providers, Family Mosaic and St Mungo's Broadway were asked to submit proposals to deliver the new contract to include the following (1000 word limit):

- Proposed method of delivering the service specification (service model)
- Staffing structure
- Value for money workbook
- How they will achieve outcomes
- How they will achieve move on
- How they will work with key partners.

4.5 In order to be awarded a contract, each organisation needed to score a minimum of three (3) for each award criteria using the following scale.

Score	
0	There is no response to the question
1	An attempt has been made to respond, but does not meet requirements/solution does not cover any essential points
2	The response/solution partially meets requirements (covers some essential points)
3	The response/solution meets requirements (covers all essential points, may have included clear examples)
4	The response/solution exceeds requirements (covers more than the essential points, giving clear examples)
5	The response/solution will add significant value (covers more than the essential points, giving clear thorough examples to illustrate how value will be added)

4.6 Both organisations were asked to submit a detailed service model for the new specification and value for money workbooks. Clarification was sought from one organisation to achieve better value for money

and a better hourly support rate which was achieved. The service model was negotiated and agreed to provide high quality and best value for Islington Council.

It was made clear during the negotiation stage that the services would be packaged in such a manner as to ensure that the highest scoring organisation would be awarded a contract for services in 3 different areas of their choice and the other organisation would be offered the contract for services in the other two areas.

- 4.7 The service will provide support to 67 residents for an annual contract value of £607,598. The procurement did achieve a further small reduction from the anticipated contract value of £6,255 over the 9 year period, representing £695 per annum on current spend with no reduction in capacity.

## **5. Implications**

### **5.1 Financial implications**

The recommendations of this report are to award a single contract to St Mungo's to deliver three services and Family Mosaic to deliver one service. The current services are funded from Adult Social Services base budget and the new contracts will not result in a financial pressure for the department.

There were no planned savings from these services as efficiencies were realised in commissioning these services in 2013/14. There is a small saving over the maximum 9 year period of the contract, of £6,255 (£695 per annum) from the contract value being less than budgeted.

### **5.2 Legal Implications**

The Council has power to provide housing support services in supported housing for people with substance misuse issues under the Housing Act 1996, Parts 6 and 7. The Council has power to enter into contracts with providers of such services under section 1 of the Local Government (Contracts) Act 1997.

These services were procured under the Public Contracts Regulations 2006 (the 2006 Regulations) and the Procurement Strategy was approved by the Executive at its meeting on 12<sup>th</sup> February 2015. The threshold for application of the 2006 Regulations was £172,514. The value of the procured contracts was above this threshold. These services fall within Part B of the 2006 Regulations. Although Part B services do not need to strictly comply with the provisions of the 2006 Regulations, there is a requirement under EU rules for part B services to comply with the principles of equal treatment, non-discrimination and fair competition. The council's Procurement Rules require contracts over the value of £100,000 to be subject to competitive tender.

In compliance with the principles underpinning the 2006 Regulations and the council's Procurement Rules the contracts were advertised with a call for competition and procured using a competitive tender process. The contract was advertised on the basis of following a restricted procurement procedure. However, in light of only two tenderers responding it was decided to discontinue the restricted procedure and to use a negotiated procedure as permitted by Regulation 13(a) of the 2006 Regulations. The bids were subject to evaluation in accordance with the tender evaluation model.

The highest scoring tenderer was St Mungo's Broadway and the other tenderer was Family Mosaic. Accordingly the contracts may be awarded to these service providers as recommended in the report.

In deciding whether to award the contracts to the recommended service providers the Executive should be satisfied as to the competence of the suppliers to provide the services and that the tender prices represent value for money for the Council. In considering the recommendations in this report members must take into account the information contained in the exempt appendix to the report.

### **5.3 Environmental Implications**

An environmental impact assessment has been completed and is available on request

### **5.4 Resident Impact Assessment**

A resident impact assessment has been completed and is available on request.

## 6. Conclusion and reasons for recommendations

- 6.1 Following a procurement exercise it is recommended that two contracts are awarded, one each to Family Mosaic and St Mungos to provide supported housing services to 67 people with substance misuse issues at an annual combined contract value of £607,598. This contract value represents a small reduction from the anticipated contract value of £6,255 over the 9 year period, representing £695 per annum.

### Appendices

Appendix 1 – Direct Negotiation Scoring Report - Exempt

### Background papers

None

### Final report clearance



**Signed by:** Executive Member for Health and Wellbeing

**Date:** 8 December 2015

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