SUBJECT: CONTRACT AWARD FOR HOUSING SUPPORT SERVICES FOR OFFENDERS AND PEOPLE WITH SUBSTANCE MISUSE ISSUES

1. Synopsis

1.1 This report advises on the procurement process and seeks approval for the recommendation to award 6 contracts for supported housing services for offenders and people with substance misuse issues; one to Homegroup, two to St Mungos and three to SHP.

2. Recommendations

2.1 That the contract for a service providing 24 hour cover for 15 offenders is awarded to Homegroup at a cost of £346,750 per annum (Contract 4).

2.2 That St Mungos are awarded contracts for two services; one providing visiting support to 33 offenders at a cost of £253,662 per annum (Contract 5) and one providing visiting support to 15 offenders at a cost of £142,755 per annum (Contract 6).

2.3 That SHP are awarded contracts for three services; one providing 24 hour cover for 15 substance misusers at a cost of £218,068 per annum (Contract 1), one providing 24 hour cover for 18 substance misusers at a cost of £407,902 per annum (Contract 2) and one providing 24 hour cover for 20 offenders at a cost of £402,999 per annum (Contract 3).

2.4 All six contracts would encompass the period 1 November 2014 to 31 October 2017 (three years) with the option to extend for a further six years (three + three) subject to performance on outcomes and at the discretion of the council. The total potential cost for the lifetime of the contracts is £16m.
3. **Background**

3.1 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. These accommodation based services were provided by a number of voluntary sector organisations and housing associations including SHP, St Mungos, Cranston Drug Services, Penrose Housing and Homegroup. The review recommended that Islington continue to provide supported housing for substance misusers and offenders with some revisions to the existing model including the reduction in the length of stays in these services with the aim to increase throughput and thereby access for greater numbers of Islington residents.

3.2 The new contracts will work to the new model delivering short term accommodation based housing support services and visiting support for both service user groups. These services will assist offenders and substance misusers develop the skills they need to live independently and tackle their offending behaviour and/or substance misuse issues. Additionally, these services form a crucial pathway for both groups to move on from homelessness to greater independence.

3.3 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.

3.4 These services have been procured following a single procurement process based on a two-part, restricted process. Service users and wider stakeholders were involved in the review of services and the redesign of the service model.

3.5 The services were divided into six lots and organisations were allowed to bid for any of the six lots. However, at the award stage, they could only be awarded a maximum of three lots. Consequently, bidders were asked to express their preferences in order to be awarded their choice of lot. Lots 1 and 2 were substance misuse services providing 24 hour cover. Lots 3 and 4 were offender services providing 24 hour cover. Conversely, Lots 5 and 6 provided flexible visiting support for offenders.

3.6 The procurement panel was comprised officers from Supporting People, Substance Misuse Commissioning and Islington’s Community Safety Partnership. Whilst services users were not part of the evaluation panel, the views of offenders and substance misuser’s formed a crucial part of the service review and in the development of the service specification.

3.7 Six organisations were successful at the Prequalification Questionnaire Stage (PQQ) and were invited to tender (ITT). However, one organisation decided not to submit their tender at the ITT stage. This resulted in five tenders from four existing providers and one from an external organisation not currently providing housing support services in the borough.

3.8 The evaluation panel scored the five tenders on their method statements in combination with the finance score. Three organisations subsequently reached the standard required for contract award. Of the three that reached the standard, the panel had adequate information at this stage to make a decision and recommendation without needing to interview or request further clarification.

3.9 The tables outlined in the exempt report Appendix A shows the overall evaluation of the bidder’s tender documentation and financial evaluation. Of note are the overall scores and ranking achieved by SHP and St Mungos for Lot 5. As SHP can only be awarded a maximum of three contracts, recommendation is to award the contract for Lot 5 to St Mungos. This is because St Mungos tender was the second most economically
advantageous tender.

3.10 The services will provide support to offenders and substance misusers for 6-12 months and will provide support to between 116 and 232 people per year at a weekly unit cost of £147-£442 per person, depending on the level of support.

3.11 The London Living Wage (LLW) will be applied as part of the specification and the Contract conditions that will govern the contract for the provision of housing related support for offenders and substance misusers. As existing providers of supported housing for offenders and substance misusers, SHP, St Mungos and Homegroup pay permanent staff in excess of the LLW. Consequently these organisations should not incur additional financial implications.

3.12 The award of the contract to existing Islington providers means the properties will continue to be available to offenders and substance misusers and there will be continuity of support, while financial savings are also achieved.

4. Proposed decision

4.1 Based on the results of the tender process, the tender evaluation panel recommends the award of the contracts for supported housing for offenders and substance misusers to SHP (Lots 1, 2 and 3), Homegroup (Lot 4) and St Mungos (Lots 5 and 6). The scores obtained by these three organisations passed the threshold for contract award.

5. Implications

5.1 Financial Implications

5.1.1 The full cost of the contracts will be met through HASS base budget (as part of the Supporting People programme). The total cost of the six contracts over the 3 year life is £5.3m. If the option to extend both contracts for a further 6 years is exercised, the total cost of the contracts over the 9 year life would be £16m. Annually, this equates to a contract value of £1.8m comprising:

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<thead>
<tr>
<th>Contract</th>
<th>Value</th>
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<tbody>
<tr>
<td>1</td>
<td>£218,068</td>
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<tr>
<td>2</td>
<td>£407,902</td>
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<td>3</td>
<td>£402,999</td>
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<td>4</td>
<td>£346,750</td>
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<tr>
<td>5</td>
<td>£253,662</td>
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<tr>
<td>6</td>
<td>£142,755</td>
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</tbody>
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This represents a cashable saving of 8.5% (£164k) year on year against the previous annual contract value (£1.9m).

5.1.2 To avoid a potential future financial pressure for the Council, these contracts will have a termination clause which allows the ending of this contract if it became unaffordable.

5.2 Legal implications

5.2.1 Section 11A of the Housing Act 1985 states that a local housing authority may provide in connection with the provision of housing accommodation by them (whether or not under Part 2) such welfare services, that is to say, services for promoting the welfare of the persons for whom the accommodation is so provided, as accord with the needs of those persons. The council may enter into contracts with providers of such services under section 1 of the Local Government (Contracts) Act 1997.

5.2.2 The threshold for application of the Public Contracts Regulations 2006 is currently £173,934. The value of five of the proposed contracts is above this threshold and the value of the sixth
contract is slightly below. These services fall within Part B of the Regulations. Although Part B services do not need to strictly comply with the provisions of the 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 Regulations and the council’s Procurement Rules a competitive tendering procedure with advertisement has been used.

5.2.3 Bids were subject to evaluation in accordance with the tender evaluation model. The highest scoring tenderers were SHP for contracts 1, 2, 3 and 5; Homegroup for contract 4 and St Mungos for contract 6. However SHP cannot be awarded more than three contracts. This was a condition specified in the invitation to tender and bidders were asked to express their preferences in relation to the lots that they were bidding for. Therefore contract 5 may be awarded to the next highest scoring tenderer which is St Mungos together with contract 6. Contracts 1, 2 and 3 may be awarded to SHP, and contract 4 may be awarded to Homegroup as recommended in the report.

5.3 Equalities implications

5.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons’ disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

5.3.2 An equality impact assessment was completed on 5 September 2013 to ensure that the new service specification was inclusive of all the equalities groups. Fair access was ensured at the PQQ and ITT stages and will continue to be monitored throughout the life of the contract. These actions have been completed, and will form part of on-going contract monitoring.

6. Conclusion and Recommendation

6.1 Following a procurement exercise, it is recommended that three contracts are awarded to SHP, two contracts to St Mungos and one to Homegroup to provide visiting and 24 hour support to 116 offenders and substance misusers. The current Supporting People spend on comparable offender and substance misuse services is £1.9m thereby creating an annual saving of £164k.

Appendices
- Appendix A: Exempt Report results of the evaluation of shortlisted tenders.

Final report clearance:

16 June 2014

Signed by: Executive Member for Health and Wellbeing Date:

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