



## Key Decision Report of the Corporate Director of Housing

<b>Officer Key Decision</b>	<b>Date:</b> 4 April 2019	<b>Wards:</b> All
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<b>Delete as appropriate</b>	<b>Exempt</b>	<b>Non-exempt</b>
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## **SUBJECT: Procurement Strategy/Contract Award for a New Single Homelessness Prevention Service**

### **1. Synopsis**

- 1.1 This report seeks approval for the procurement strategy and contract award in respect of a new Single Homelessness Prevention Service (SHPS) in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 The proposal is to create a new co-located service within Islington Council, with the Council also acting as the lead in terms of the procurement and contracting processes to enable the same service models to be set up within 12 other London Boroughs. Operating for a minimum period of three (3) years, the service will specifically target single individuals and childless couples at risk of homelessness – as part of enabling the Council to meet its responsibilities under the 2017 Homelessness Reduction Act.

### **2. Recommendations**

- 2.1 To approve the procurement strategy for the new Single Homelessness Prevention Service (SHPS) as outlined in this report.
- 2.2 To enter into a three (3) year contract for SHPS with Bridges Fund Management, with the option to extend for a further two (2) years, subject to satisfactory performance of the contract.

### **3. Date the decision is to be taken**

4 April 2019.

## **4. Background**

### **4.1 Nature of the service**

Since the introduction of the Homelessness Reduction Act 2017, all councils have new responsibilities to clients without a priority need, including single people who find themselves at risk of homelessness or who are actually homeless.

Housing Options data suggests that around 500 single people annually approach the Council, having at least some identified support needs but not deemed vulnerable enough to meet the homelessness “priority need” threshold. Following the introduction of the Act, in all these cases the Council is now required to take “reasonable steps” within 56 days from when a person is threatened or likely to become homeless - regardless of their support needs. Post the implementation of the Act, the number of single people approaching the Council has increased quite significantly – which is a trend being replicated across the rest of London. With staffing resources already stretched, there is a need for more focused work with this cohort to achieve positive accommodation outcomes and avoid more serious support issues and costs to the Council in future.

The Single Homelessness Prevention Service (SHPS) is essentially an outcomes based, payment by results service to relieve and prevent homelessness for single and childless couples with moderate support needs. The service would help to transform Islington’s approach for this cohort, with a new dedicated hub established in the Council’s Housing Options service, looking to assist 1,500 households over three years. It will effectively provide a wraparound service – not just looking to address homelessness prevention, but also aiming to improve clients’ wider personal circumstances – ranging from mental health, employment, family relationships and access to support services.

The proposal is to build on the early success of a pilot in Brent. The model itself is purely outcomes based. The contract is delivered by, and partially funded by a social investor partner (Bridges Fund Management (“Bridges”) - who are a specialist impact fund manager, with a significant track record in setting up and delivering outcomes contracts). Bridges take on all the initial set up and financial risks, with the frontline service being sub-contracted out by them to a number of third sector delivery partners (Brent are working with third sector partners Thames Reach and Crisis to provide this function).

Building on the Brent pilot, Bridges approached all London boroughs to understand their appetite for developing a replicable service, with a view to supporting the submission of an initial Expression of Interest to central government’s Life Chances Fund (LCF). The LCF is an £80m fund made available through the Department of Culture, Media and Sport up to March 2025 to provide support and financial incentives for commissioners who are interested in commissioning services on an outcomes basis. 13 boroughs were supportive of the Expression of Interest and subsequent Full Application submitted by Bridges – and an in-principle grant award offer of £4.7m was made in October 2018. Islington were the named lead commissioner as part of this process.

The proposed service closely aligns to a number of priorities contained within both the Council’s Corporate Plan, and Housing Strategy given its focus on preventing homelessness;

providing advice; support for rough sleepers, as well as tackling some of the deeper social issues.

#### 4.2 Estimated Value

The total value of the LCF bid is £18.9m. The LCF in-principle grant award is for £4.7m which represents a 25% subsidy against the total bid (as opposed to the 35% requested); whilst borough contributions of £12.2m represent a further 65% of the bid costs. Negotiations are currently taking place with the LCF team to maintain their contribution at 35% to overcome the 10% shortfall, which would effectively reduce the number of clients assisted across the three years from 15,450 to 13,900. Outside of this, Bridges will be providing its own social backed investment funds of £3.94m.

The total contract value in procurement terms is £14.22m. Total costs to Islington will equate to £1,101,093 or £367,031 per year for three years – although as an outcomes based contract, this will be dependent on the success rates achieved, and as such, the Council’s contribution could be less. Outcomes payments are released at three payment trigger points as set out below:

Payment Trigger	Amount	Estimated success	Average per person	Estimated LCF contribution	LA contribution
Personalised Housing Plan	£300	90%	£276	£96.60	£179.40
Successful Prevention or Relief	£750	60%	£462	£161.70	£300.30
Eight (8) month sustainment	£750	55%	£391	£136.85	£254.15
<b>Total</b>	<b>£1,800</b>		<b>£1,129</b>	<b>£395.15</b>	<b>£733.85</b>

The Council’s contribution will be sourced from existing homelessness prevention budgets. It is anticipated - post the 2019/2020 Spending Review - that the government will maintain funding to local authorities for homelessness prevention, particularly given the commitment to end rough sleeping by 2027. This will however be kept under review, and reflected in the contract terms and conditions.

The service has been benchmarked against a number of existing services that Islington Council has access to (and to which SHPS would either be a natural successor to or would complement going forward):

- Proposed SHPS Service: £734 per positive outcome
- North London Early Homelessness Prevention Service: £1,240 per positive outcome
- North London St. Pauls Staging Post: £1,160 per positive outcome
- North London PRS Access Scheme: £712 per positive outcome

Whilst the North London PRS Access Scheme represents the best value for money, it is a very basic service, restricted to only sourcing private rented accommodation for over 35 year olds

with no or low support needs. It does not undertake Personalised Housing Plans nor provide any ongoing support or wraparound services like the proposed SHPS Service.

Other alternative options have been considered to meet the Council's responsibilities: firstly, using existing staffing capacity to cover this cohort, but these are already very stretched. The second would be to build greater capacity in-house but the additional cost of this is likely to lead to greater costs than the SHPS service without the guarantee of cost related positive outcomes.

#### 4.3 **Timetable**

The conditions of the in-principle LCF grant award need to be met by 30 June 2019. This effectively means that the service has to have achieved the set up stage requirements by this date, i.e. contracts entered into; delivery partners appointed; and service launched.

It is proposed to initiate the service across two boroughs as the first phase of delivery – namely Islington and Ealing Councils as being the most advanced in taking this forward. A soft launch is planned in Ealing at the beginning of May, with the service being launched in Islington by June 2019.

The remaining boroughs would join on a phased basis no later than Q1–Q3 2020/21.

#### 4.4 **Options appraisal**

Several procurement options have been considered – including an open tender OJEU process with competition, and direct negotiation without competition accompanied by the publication of a voluntary transparency notice (formerly known as a VEAT Notice - (Voluntary Ex-Ante Transparency Notice). A voluntary transparency notice is a means of the Council expressing its intention to enter into the contract with a justification of the decision to award the contract without prior publication of a contract notice. If any challenge is received within the regulatory timescales, then a competitive procedure will be undertaken.

A number of considerations have been taken into account in determining the most appropriate route; including:

- Bridges has already gone through a market engagement procurement process undertaken by Brent to manage their pilot.
- Bridges is best placed to deliver SHPS as an existing 'Social Prime Contractor'; with a track record in delivering similar dedicated homelessness prevention services on a payment by results basis - having launched 31 outcomes contracts to date (two thirds of the total in the UK).
- Bridges has already secured in-principle LCF grant (£4.7m), along with Bridges' own social investment backed funds (£3.94m) for the provision of SHPS.

An appraisal of the market suggests that there is no other provider able to offer the scale of funds/product that boroughs could buy in to. For the reasons outlined above, the preferred option is to issue a voluntary transparency notice, which would be issued covering the other 12 local authorities. In doing this, the Council is following a transparent process. The other local authorities would then be eligible to use this contract by entering into separate Access Agreements contained within the contract terms – which would be signed by the Council, Bridges and the respective local authorities.

#### 4.5 **Key Considerations**

The Brent service identified savings ranging from releasing staff capacity and rough sleeping costs through to the National Health Service, Department of Work & Pensions and the prison service. It is difficult to quantify the actual savings until the service is live, but it is anticipated that the replication of this service in Islington would release staff time in completing Personalised Housing Plans and free up staffing resources to prevent family homelessness and reduce placements into temporary accommodation.

As well as improving prospects for many single/childless couples, the service is likely to deliver an overall cost saving not only for Housing Options but for other council services e.g. Adult Social Care. It will enhance the support and assistance available to this cohort, and is likely to cost less than an equivalent scheme delivered in-house.

In terms of sustainability, it is anticipated that through the provision of a comprehensive targeted service for single homeless people, the Council will be able to prevent the numbers of individuals who will become reliant upon the service in future years, by providing the skills and opportunities to sustain a tenancy in the private sector.

Continuous improvement will be built into the service through shared learning; with the adaptability to engage other local and specialist partners to respond to the needs of this cohort once the service is operational.

There are no TUPE or pensions implications. The payment of London Living Wage to all direct employees of Bridges and delivery partners as sub-contractors will be a condition of the contract. Bridges have also committed to taking on a business admin apprenticeship for each year of the contract (3 apprentices in total).

If the project fails to deliver, the Council will be in no worse financial position as payment is based on outcomes being met.

#### 4.6 **Evaluation**

Bridges were asked to submit a proposal in order for the Council to undertake a formal evaluation, with the scoring being based on 70% quality and 30% price. An overall score of 86% was awarded through an officer assessment panel, and the proposal is deemed to meet the Council's requirements.

#### 4.7 **Business Risks**

The business risks are considered to be low. Bridges has previously been through an open market engagement process (Brent); they have a strong delivery track record; have secured the funding to subsidise the service; and are committed to taking all the financial risks.

Evidence from the Brent pilot, indicates that of those clients who were prevented/relieved from homelessness, nearly 90% are sustaining their accommodation eight (8) months on.

The procurement strategy proposed in this report will enable the service to go live before the LCF's June 2019 deadline.

4.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to

declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

4.9 The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	To create a new co-located service within Islington Council, specifically targeting single individuals and childless couples at risk of homelessness  See paragraph 4.1
2 Estimated value	The total contract value in procurement terms is £14.22m for three years.  Total costs to Islington will equate to £1,101,093 across the same period.  See paragraph 4.2
3 Timetable	The timetable is outlined in this report  See paragraph 4.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Voluntary transparency notice to be issued to test the market and possible challenges  Paragraph 4.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Release existing staff time; improve prospects for single/childless couples; costs saving for other council services; and adaptability to respond to individual needs once operational  See paragraph 4.5
6 Award criteria	Quality 70% Price 30% The award criteria quality/price breakdown is more particularly described within the report.  See paragraph 4.6
7 Any business risks associated with entering the contract	Business risks are considered low.  See paragraph 4.7

8 Any other relevant financial, legal or other considerations.	See paragraph 5
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## 5. Implications

### 5.1 Financial implications

The contract will be an Outcomes Based Contract (Payment by Results). If the criteria expressed above are not met, no resulting financial liabilities exist for the either Islington Borough Council, or the North London Housing Partnership.

The agreement currently estimates that up to 500 cases will be reviewed per year at a total cost to Islington of £1,101,093 over the lifetime of the contract (£367,031 per year). These costs are based on estimated outputs and include a 2% uplift for inflation over the lifetime of the contract. The cost of providing this service in house is currently met from Housing Options' Budgets. The service currently provided only offers a basic service. Many cases are not fully resolved at earlier crisis points, only to re-present themselves at a greater financial cost at a subsequent crisis point. This proposal should result in greater support being provided at an earlier stage, which is in line with the Council's aim to address clients' needs at the prevention rather than intervention stage.

Funding will be provided from the New Burdens Grant and the Flexible Homelessness Support Grant. These grants continue into 19/20, If they are not extended further, the contract allows for a break clause to prevent unfunded liabilities going into 20/21. This project is within the 'Prevention and Relief' remit of the grants.

Uncertainty as to the number of clients successfully clearing the three payment trigger points could result in less or more costs than the 500 cases currently budgeted for. Close monitoring will be necessary to control these costs. Sufficient reserves should be kept aside in contingency for more clients being processed than initially planned.

Islington Council as the lead contract negotiator does not bear any financial liability for the operation of the contract in other boroughs through the production of Access Agreements, signed by all other authorities.

If the timescales referenced above are not met and the LCF Grant is not awarded, Islington will not pursue the above contract. There will be no financial penalties for Islington withdrawing in advance of the agreement coming into effect.

If the service were not to be provided by the Council, the liability for the provision of similar services would fall on the Housing Options Service.

The use of the grants could create a significant pressure in the light of other financial commitments and liabilities facing the Housing Options Service. The next financial year will place pressures on the Housing Options Service to meet extensive savings targets. If additional spend is earmarked for new schemes, it may not be possible to utilise the money to reduce costs in the long term. The results of this could be considerable overspends in financial years when grant funding agreements run out.

If the LCF Grant does not cover the full 35% of the required funding agreement (currently only 25% has been agreed, with another 10% being negotiated), output will be planned at

10% less.

## 5.2 **Legal Implications**

The Homelessness Reduction Act 2017 places various duties on the Council in relation to people threatened with homelessness. The Council has power to enter into contracts with providers of single homelessness prevention services under section 1 of the Local Government (Contracts) Act 1997.

The social care services being procured are subject to the light touch regime set out in Regulations 74 to 77 of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of this light touch regime is currently £615,278. The value of the proposed contract is above this threshold. It should therefore be advertised in the Official Journal of the European Union (OJEU). The council's Procurement Rules require such contracts over the value of £500,000 to be subject to competitive tender.

However, for the reasons stated in the report, it is proposed that the contract is awarded to Bridges Fund Management without prior publication of contract notice. For purposes of transparency and in order to mitigate risk of the contract being found to be ineffective under Regulation 99(2) a Voluntary Transparency Notice pursuant to Regulation 99(4) expressing the council's intention to enter into the contract will be published in OJEU. This will provide an opportunity for interested parties to raise objections before the contract is concluded. If at the end of at least 10 days beginning with the day after the date on which the voluntary transparency notice was published in the Official Journal no objections were received from interested parties, the contract may be awarded to Bridges Fund Management as recommended in the report (Regulation 99(1)). If objections are received the contract ought to be procured with publication of contract notice and a call for competition.

## 5.3 **Environmental Implications**

If the service is located inside existing council buildings there will be minimal impact in terms of energy use and the associated emissions, water use and waste generation. There may be additional transport emissions and local air pollution if staff working for the service are travelling to visit clients in the borough. This can be reduced by the use of public transport and/or sustainable forms of travel e.g. walking or cycling.

## 5.4 **Resident Impact Assessment**

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.

A Resident Impact Assessment has been completed, and is attached as appendix 1.

In summary, the proposed service would closely align with the Council's Vision around Early Intervention and Prevention, with a focus on providing a People-Centred Service, through strong partnership working, and making every contact count. Many local residents face both complex and multiple challenges, such as housing, employment, offending, domestic violence, mental health and substance abuse, and so have repeated contact with our services and



those of our partners. SHPS will be accessible to all service users who are assessed as being eligible; and will positively impact upon the lives of residents who are facing the possible crisis of becoming homelessness. In overall terms, the proposed service will have a positive effect on vulnerable adults in Islington.

## **6. Reasons for the decision**

6.1 Since the introduction of the Homelessness Reduction Act 2017, the Council has new responsibilities, including for single people who find themselves at risk of homelessness or who are actually homeless. The SHPS service will enable the Council to meet its obligations for this cohort, and in a very cost effective way given the availability of the LCF grant and only paying for actual positive outcomes.

## **7. Record of the decision**

7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

**Signed by:**

**Corporate Director of Housing**

**Date:**

## **Appendices**

Appendix 1 – Resident Impact Assessment

**Background papers:** None

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