

Homes and Community Safety

222 Upper Street N1 1XR

Report of: Corporate Director of Homes and Neighbourhoods

Date: 19 August 2022

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## Subject: Contract Award for Homeless Outreach Service

### 1. Synopsis

- 1.1. This report seeks approval for the award of contract in respect of the Homeless Outreach Service.
- 1.2. The contract is for the provision of a Homeless Outreach Service, which offers vital engagement and support to people rough sleeping in Islington, offering personalised support to help individuals move away from the streets and link in with vital support services as needed.

### 2. Recommendation

- 2.1. To approve the contract award for the Homeless Outreach Service as outlined in this report to St Mungo's for 24 months from an estimated start date of 1 September 2022, with two options to extend up to a further 24 months each (total 72 months), dependant on available funding and satisfactory performance.

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

- 3.1. **19 August 2022**

## 4. Background

### 4.1. Nature of the service

- 4.1.1. The Homeless Outreach Service is vital in supporting people who are street homeless in Islington, through early identification and support, providing assertive street outreach.
- 4.1.2. The outreach service is a key component in supporting Islington Council's ambition to eliminate rough sleeping in the borough, and ensures accessible support is available for this vulnerable group, who may not otherwise access statutory services.
- 4.1.3. The service has run successfully over several years, working closely with the Council and partners to achieve a significant reduction in rough sleeping, which decreased from 51 people in November 2019, to 6 people in May 2022 (numbers taken from street counts).
- 4.1.4. Despite numbers remaining low, the outreach team are continuing to see new people bedded down, including those for the first time and are also seeing an increase in the 'flow' from neighbouring boroughs and elsewhere, some without a demonstrable connection anywhere. It is anticipated that this will continue and possibly increase, exacerbated by the current cost-of-living crisis.
- 4.1.5. In February 2022, the Executive took the decision to approve the procurement strategy for the Homeless Outreach Service, following which a competitive tender exercise was conducted in accordance with the Public Contracts Regulations 2015 and the Council's Procurement Rules.

### 4.2. Estimated value

- 4.2.1. Islington Council secured funding from the Department of Levelling Up, Housing & Communities (DLUHC) via its rough sleeper initiative grant to uplift this contract which also has component funding from MOPAC and Council funds. All current funding arrangements end in 2025 and are detailed in the table below
- 4.2.2. The total value of this contract is £215,000 per annum (see table below). If approval to award is granted, the contract will be for 24 months with two options to extend up to a further 24 months each (total 72 months) depending on performance and funding. The maximum contract value for 72 months will be £1,290,000.

### 4.3. Timetable and Funding

4.3.1. The following are the key dates in regard to this process:

Report for HMT	1 day	18 <sup>th</sup> July 2022
HMT	1 day	26 <sup>th</sup> July 2022
Report for CMB	1 day	4 <sup>th</sup> August 2022
CMB meeting	1 day	9 <sup>th</sup> August 2022
Key decision report to democratic services to publish	1 day	11 <sup>th</sup> August 2022
Unsigned report published for five clear working day	5 days	12 <sup>th</sup> – 18 <sup>th</sup> August 2022
Date of decision	1 day	19 <sup>th</sup> August 2022
Three-days call-in	3 days	22 <sup>nd</sup> - 24 <sup>th</sup> August 2022

Funding for the service is made up of:

<b>Funding Source</b>	<b>Funding Status</b>	<b>Amount</b>
Mayor's Office (MOPAC) LCPF	Confirmed until FY 2024/25	£45,000
Housing Revenue Account	Confirmed until FY 2025/26	£25,000
Council Core Funds	Confirmed until FY 2025/26	£45,000
Re-application of DLUHC funds (RSI 5)	Confirmed until 2024/25	£45,000
DLUHC additional funds for contract (RSI 5)	Confirmed until 2024/25	£55,000
	<b>Total</b>	<b>£215,000</b>

### 4.4. Options appraisal

- 4.4.1. An options appraisal was included in the procurement strategy: the recommended option was to carry out a competitive tender.
- 4.4.2. A transparent process has been undertaken to engage with the market. The contract notice was published on Find a Tender Service, Contracts Finder, and the London Tenders Portal. Conducting a competitive process has ensured best value for the Council.

### 4.5. Key Considerations

- 4.5.1. The successful provider has confirmed that all its staff are paid the London Living Wage as a minimum and will continue to apply to this contract. The successful provider is committed to advertising locally for the staff team and will work with our in-house employment services to achieve this. They are also strong at recruiting staff with lived experience of homelessness and have introduced an apprenticeship role in the new service model.
- 4.5.2. Best Value will continue to be a feature of this project. Regular contract monitoring will be undertaken from the Council and its contract manager, to meet

the key performance indicators for the project and also to ensure best value throughout the lifetime of the contract.

- 4.5.3. We will be driven by the outcomes achieved for the service users and the number of people who move away from rough sleeping into accommodation. We will always be looking for ways to improve the service and ensure that the data captured on local need will be used to inform any service improvements. This service will play a fundamental part of the Councils ambition in reducing and eliminating rough sleeping in the borough, as outlined in the Homelessness and Rough Sleeping Strategy 2019-2023.
- 4.5.4. Social Value was 20% of the award criteria. The successful applicant scored 20% out of 20% on social value.

#### 4.6. **Evaluation**

This procurement was conducted in accordance with the Public Contracts Regulations 2015, and subject to the light-touch regime under Section 7 Social and Other Specific Services. This procedure followed the principles of the open procedure. The tender was conducted in one stage and was 'open' to all organisations who expressed an interest. The open procedure includes minimum requirements which organisations must meet before the rest of their tender is evaluated.

The evaluation award criteria were based on 90% quality and 10% price. The award criteria were:

- Proposed approach to delivering a homeless outreach service 20%
- Proposed approach to adding social value 20%
- Proposed approach to working with people with multiple and complex needs 10%
- Proposed approach to employee relations 10%
- Proposed approach to tackling homelessness at a strategic level 10%
- Proposed approach to those with no local connections 5%
- Proposed approach to no recourse to public funds 5%
- Proposed approach to partnership working 5%
- Proposed approach to information capture and sharing 5%

The weighting represented what is important in this contract to ensure the best provider was awarded the contract. The award criteria tested the ability of the organisations to be able to deliver outcomes. The award criteria reflects the significance of these elements in successfully providing the best Homeless Outreach Service possible.

Five organisations expressed an interest, and three (3) compliant tenders were received. All bidders satisfied the suitability criteria and so all tenders were evaluated. The contract is being

awarded based on the most economically advantageous tender (MEAT) identified by the highest combined score for quality and price.

To assess the quality criteria, answers to the method statement questions were marked using the following 0 – 5 scale. To be awarded a contract, organisations needed to score a minimum of three (3) points for each question.

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)

St Mungo's exceeded requirements for delivery outcomes, social value outcomes and coproduction outcomes. As the cost was fixed, this element was evaluated on the number of paid outreach hours (on the street outreach) being offered per week. St Mungo's scored the highest for this element also.

#### Final Scores of Bidders:

	Bidder 1	Bidder 2	St Mungo's
Proposed approach to adding social value 20%	12	16	20
Proposed approach to delivering a homeless outreach service 20%	12	16	16
Proposed approach to working with people with multiple and complex needs 10%	6	6	8
Proposed approach to employee relations 10%	6	8	6
Proposed approach to tackling homelessness at a strategic level 10%	8	8	10
Proposed approach to those with no local connections 5%	3	3	3
Proposed approach to no recourse to public funds 5%	3	4	4
Proposed approach to partnership working 5%	3	3	4

Proposed approach to information capture and sharing 5%	3	3	3
<b>Total</b>	<b>56</b>	<b>67</b>	<b>74</b>

Cost 10% (Number of paid outreach hours per week)	<b>9.3%</b>	<b>5.8%</b>	<b>10%</b>
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#### 4.7. **Business risks**

4.7.1. The risks associated with awarding the contract to St Mungo's are minimal. They are an experienced provider of outreach services both within and outside of London.

Risks associated with this contract are:

- Funding is only available until 2025. The council will need to review the need for the service and develop a succession plan during the final year of the contract.
- There is a risk of the provider not meeting key performance indicators and not performing under the contract. To mitigate this risk, a dedicated contract manager will ensure all KPIs are being met, liaise with the provider and partners, and ensure a high performing service.

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:

Relevant information	Information/section in report
1. Nature of the service	Homeless Outreach Service

	See Paragraph 4.1 and 4.2
2. Estimated value	<p>£215,000 per annum</p> <p>The contract will be awarded for a period of 24 months with two optional extensions of up to 24 months each (72 months total).</p> <p>See Paragraph 4.2</p>
3. Timetable	<p>As outlined in this report</p> <p>See paragraph 4.3</p>
4. Options appraisal for tender procedure including consideration of collaboration opportunities	<p>As outlined in this report.</p> <p>See paragraph 4.4</p>
<p>5. Consideration of:</p> <ul style="list-style-type: none"> <li>• Social benefit clauses;</li> <li>• London Living Wage;</li> <li>• Best value;</li> <li>• TUPE, pensions and other staffing implications</li> </ul>	<p>As outlined in this report</p> <p>See paragraph 4.5</p>
6. Award criteria	<p>90% Quality and 10% Price</p> <p>See paragraph 4.6</p>
7. Any business risks associated with entering the contract	<p>As outlined in this report</p> <p>See paragraph 4.7</p>
8. Any other relevant financial, legal or other considerations.	See paragraph 5

## 5. Implications

### 5.1. Financial Implications

This proposal seeks to spend £430,000 on a contract award to the St Mungo's over a period of 24 months (£215,000 per annum), with the possibility to extend twice up to two years in each extension, dependant on available funding and satisfactory performance.

Funding for this contract is made up from component parts (see table below). The funding sources are guaranteed until financial year 2024/25 and 2025/26. The timings of any contract renewals will need to match funding award announcements. The Council will need to ensure that any contract extension does not incur any financial liabilities from renewals continuing in excess of the funding available. As such, provisions will need to exist to alter the service according to the funding available. The core funding for this service will consume a significant amount of the Community Safety non-salary budget.

<b>Funding Source</b>	<b>Funding Status</b>	<b>Amount</b>
Mayor's Office (MOPAC) LCPF	Confirmed until FY 2024/25	£45,000
Housing Revenue Account	Confirmed until FY 2025/26	£25,000
Council Core Funds	Confirmed until FY 2025/26	£45,000
Re-application for current DLUHC funded post (RSI 5)	Confirmed until 2024/25	£45,000
DLUHC additional funds for contract uplift (RSI 5)	Confirmed until 2024/25	£55,000
	<b>Total</b>	<b>£215,000</b>

The contract value for the 24 months is set and therefore there should be no overspend. KPIs will be closely monitored, and any failures will be flagged by contract officers to prevent contract failure.



Islington retains the right as referenced in the terms and conditions to terminate the contract with St Mungo's with 30 days' notice, limiting any financial liability, providing extra risk mitigation.

If the contract runs for the length of 6 years, the contract costs will cost £1,290,000. Owing to the potential length of the contract, sufficient provision will need to exist to cover the impact of inflation and any service dislocation from Covid.

Budgets will be adjusted to reflect the increased funding and expenditure. The impact of this contract will be cost neutral on the budget.

## **5.2. Legal Implications**

- 5.2.1. 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 a contract for a Homeless Outreach Service under section 1 of the Local Government (Contracts) Act 1997. The Corporate Director of Homes and Neighbourhoods may award contracts for revenue spend up to the value of £2 million (council's Procurement Rule 18.1.1)
- 5.2.2. The services 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 £663,540.00. The value of the proposed contract is above this threshold and therefore required advertisement on the Find a Tender Service (FTS) and Contracts Finder. The council's Procurement Rules require such contracts over the value of £500,000 to be subject to competitive tender. In accordance with the requirements of the Regulations and the Council's Procurement Rules, the contract has been procured with advertisement on the Find a Tender Service (FTS), Contracts Finder and the London Tenders Portal.
- 5.2.3. Bids were evaluated in accordance with the evaluation model and the contract was awarded based on the most economically advantageous tender (MEAT). Accordingly, the contract may be awarded to St Mungo's as recommended in the report. In deciding whether to award the contract as recommended the Corporate Director should be satisfied as to the competence of the service provider to provide the services and that the tender price represents value for money for the Council.

## **5.3. Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

- 5.3.1. An environmental impact assessment has been carried out. This service is predominantly street-based and therefore unlikely to have a negative impact on the environment. Where possible, the service should endeavour to make reductions in its

environmental footprint e.g. walking, cycling, using public transport, or vehicles with zero emissions to get around the borough.

#### 5.4. **Equalities Impact Assessment**

- 5.4.1. 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.
- 5.4.2. An Equality Impact Screening tool was completed on 4 January 2022. This determined that a full Equality Impact Assessment was not required as the possible impacts were assessed as beneficial or neutral. The completed Resident Impact Assessment Screening tool is appended.

## 6. Conclusion and reasons for the decision

- 6.1. The published procurement documents stated: The written submission 'Method Statements' will be scored to give a total quality score. The pricing schedule will be scored to give a total price score. The contract will be awarded to the tenderer who achieves the highest combined cost and quality score. St Mungo's achieved the highest combined score of 84%.

## 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 Homes and Neighbourhoods**

Date:

**Background papers:**

None.

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