

Report of: Executive Member for Health and Wellbeing

Meeting of:	Date	Ward(s)
Executive	21 May 2015	Clerkenwell, Bunhill
Delete as appropriate	Exempt	Non-exempt

SUBJECT: Procurement Strategy for Housing Support Services for Single Homeless Adults

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of supported housing services for single homeless adults in accordance with Rule 2.5 of the Council’s Procurement Rules.
- 1.2 The tender will be for a similar range of services. We are seeking to procure two (2) contracts for supported accommodation for single homeless adults under block contracts within the Borough of Islington.

2. Recommendations

- 2.1 To agree the proposed procurement strategy for supported housing services for single adults as outlined within this report.
- 2.2 To note the Executive will be asked to approve the award of the contract at the conclusion of the procurement process.

3. Background

3.1 Nature of the service

This procurement is for supported accommodation for single homeless adults who may have a combination of support needs around substance misuse, mental ill health, offending and domestic violence.

There are currently two contracts for single homeless adults comprising:

- a) Irish Centre Housing delivers one contract for 60 women in supported accommodation in the Clerkenwell Ward.
- b) Family Mosaic delivers one contract for 27 single homeless men and women in supported accommodation in Bunhill Ward.

Property details for the aforementioned supported accommodation services are attached at the end of this report as **Appendix 1**.

- 3.1.2 The existing contracts will be coming to an end on 31 March 2016 and the borough will continue to require the provision of supported accommodation for single homeless adults. People accepted into supported accommodation are either homeless, inappropriately housed or at risk of becoming homeless. For individuals who the council has no statutory duty to house (as is the case with most single homeless service users), supported accommodation is crucial in curtailing rough sleeping and other forms of hidden homelessness, such as 'sofa surfing'.

Many of those placed within these schemes are former rough sleepers who do not meet eligibility criteria for statutory services but may still present with multiple complex needs around poor mental health, substance misuse, domestic violence and a lack of independent living skills. These housing services therefore support those within them to promote independence and help people to move-on to more permanent accommodation as well as reducing anti-social behaviour and supporting community safety.

- 3.1.3 As part of on-going service development, maximising capacity and throughput from services we are speeding up move on from services (reduced in many services from a maximum of two years down to a target of 6-12 months). Alongside this, all new services will have outcome focused specifications.

3.2 **Estimated Value**

These services will be funded through the Supporting People Commissioning budget within HASS.

- 3.2.1 The value of this procurement will be £ £3,084,921 based on a maximum 9 year (3+3+3) contract including extension periods for the two services. The 9 year contract would comprise a 3+3+3 year contract. Any contract extension would be dependent on the availability of funding, service performance and the need for the service. Furthermore, there are no suitable existing frameworks that could be utilised for these contracts.
- 3.2.2 The spend on the two (2) services over the last two years was £342,769. Annual spend and total spend on these services over the last two years is highlighted in **Appendix 1**.
- 3.2.3 These services provide good value for money. There are no planned percentage reductions for these services as significant efficiencies were realised in the commissioning of other services in 2013/2014. However, further savings of up to 10% may be realised through the procurement process as was the case when similar services were commissioned in 2013/14.
- 3.2.4 A reduction in cost and spend has been considered. The Supporting People programme is part of a comprehensive savings exercise which incorporates significant budget reductions. There are no planned reductions in spend for these services for the following reasons:
- We have already made significant efficiency savings across the Supporting People portfolio over the last two years which saw the closure of some single homeless services. The Supporting People savings scheduled for 2015/2016 therefore do not include further savings to single homeless services
 - Single homeless people would not typically be eligible for statutory housing assistance through the provision of temporary accommodation if they were homeless so, these supported housing services

are critical in moving vulnerable people away from the risks associated with rough sleeping and sofa surfing

- Potential for increased industrial action as front line staff salaries are reduced. This has occurred on a number of occasions in 2013 and 2014 with our existing providers and we wish to mitigate this risk by maintaining existing funding levels
- The services due to be recommissioned will not see an annual uplift in funding. It will therefore be incumbent on the provider to ensure that staff are paid salaries equivalent to or above the LLW. We wish to mitigate the affordability risk by ensuring that staff are paid in excess of the LLW as the sector has tended toward large scale reduction in wages rather than the reduction of management costs
- The borough experienced a significant rise in incidents over 2013/2014 relating to anti-social behaviour (ASB). A further reduction in funding is likely to impact on staffing levels which may lead to an increase in frequency of ASB and impact the community adversely.

Single homeless services have been benchmarked against neighbouring boroughs. Unit price and cost per hour are noted in **Appendix 2** and are lower than the North London average although it should be noted that it is not always possible to make like for like comparisons as levels of support and service capacity vary between the boroughs benchmarked.

- 3.2.5 These services represent good value for money in providing homeless adults with a safe and supportive environment to address their support needs which often include substance misuse and mental health problems in combination with a history of rough sleeping and offending behaviour.

Key cost drivers for the service include:

- a need to prevent homelessness and decrease repeat homelessness due to tenancy breakdown
- maximising health outcomes by increasing the likelihood of recovery as a result of drug treatment compliance and a reduction in drug related deaths
- a reduction in the need and use of emergency health services, community health and social care services
- increase in community safety through the reduction of offending and the impact of offending on the community

- 3.2.6 These contracts will include break clauses to protect the council in the case of withdrawal or significant reduction.

3.3 **Timetable**

- 3.3.1 The following dates must be reached:

- Joint Board in April 2015
- Executive in May 2015
- Advert and PQQ published in May 2015
- ITT July 2015
- Award report by September 2015
- Contractual arrangements to be entered in to by 1 April 2016.

- 3.3.2 The current contracts expire on 31 March 2016.

- 3.3.3 The proposal to continue to commission Single Homeless services were discussed and agreed at the Commissioning Body meeting attended by Service Directors in October 2014. The Commissioning Body comprised services leads from Housing, Health, Public Health, Community Safety and Probation.

3.4 **Options appraisal**

3.4.1 The following routes have been considered including:

- Direct negotiation due to the size of the properties
- Fully tendering each contract separately
- A competitive open procedure with the two services divided into lots limiting the number that each organisation can bid for and/or be awarded
- Bringing these services in-house

3.4.2 The preferred procurement route is a competitive open procedure with the two services divided into lots.

3.4.3 Collaboration / joint procurement have been considered with neighbouring boroughs. In this case, we wish to maintain the full capacity of the single homeless pathway within Islington.

3.4.4 By following a restricted competitive tender procedure, the Council will be able to review the market during the selection stage (PQQ). Should there be a suitable number of organisations who are competent and capable of providing the service they will be invited to tender. Additionally the recommended approach may potentially widen the provider market.

If a competitive tender fails and/or the current service provider decide to withdraw their properties from use for these services then the council may have to re-house current residents which would inflate homelessness figures and create greater demands for temporary accommodation.

3.5 **Social Value**

3.5.1 These services will work closely with a socially isolated and stigmatised cohort of people in Islington, often in regular contact with criminal justice services, who experience high levels of repeat homelessness, unemployment and have poorer health outcomes than the general population.

The social benefits for the individual are in relation to improved health as an engagement with appropriate treatment services and a cessation in rough sleeping. In the medium to long term, the service user would have developed the skills necessary to manage their support needs, manage a tenancy with minimal support and in some cases begin to engage in education, training and employment through volunteering or paid work. The impact on the community includes a potential reduction in offending and increased community safety.

3.5.2 LLW has been considered and successful bidders will be contractually obliged to pay LLW or above. Please refer to the LLW report, available on request.

3.5.3 The services will operate within a performance monitoring and quality assessment framework. Contracts will be closely monitored against a range of targets and outcome measures. This process allows for continuous improvement and service development.

3.5.4 Economic, social and environmental sustainability

These services will assist service users to stabilise their lives often after lengthy periods of rough sleeping. In addition, service users will be supported to tackle their support needs around substance misuse, offending behaviour, mental ill health, domestic violence and will be equipped with the practical skills required to manage a tenancy independently.

There is a strong evidence base to show that people who are supported to treatment reduce their criminal activity and offending. Supporting service users to develop skills and access paid employment will also improve desistance. This will have lasting benefits for the community as well as individual service users.

An environmental impact assessment will be completed during the preparation stage.

3.5.5 TUPE obligations will apply should an organisation lose any of these contracts.

3.6 Evaluation

This tender will be conducted in two stages, known as the Restricted Procedure as the tender is 'restricted' to a limited number of organisations. This will comprise a Pre-Qualification Questionnaire and Invitation to Tender stage. Tenders are evaluated on the basis of the tenderers' price and ability to deliver the contract works or services as set out in the evaluation criteria.

3.6.1 Bids will be assessed on the basis on 60% awarded on quality and 40% on costs which will include an evaluation of the amount of funding allocated to delivery. The rationale for the 60%, 40% weighting is elaborated on in **Appendix 3**.

3.6.2 Cost/ quality criteria as summarised below. A full breakdown is noted in **Appendix 3**.

	Weighting %
Cost	40%
Quality	
Proposed approach to mobilisation and implementation / change management	5%
Proposed approach to service model	15%
Proposed approach to workforce management	10%
Proposed approach to partnership working	10%
Proposed approach to managing performance and outcomes	10%
Proposed approach to client engagement and involvement	10%
Total	100%

3.7 Business Risks

3.7.1 As these are accommodation based services, there are inherent risks if the support provider who may also be the landlord decides to retain the property for their use if they were to lose the service to another provider. This would mean that the service users would probably have to be decanted in to another property or properties which would create pressures on the pathway as a whole. Some service users may also have to be placed in temporary accommodation which would have cost ramifications for LBI.

These risks would be managed by detailed discussions with the landlord prior to the procurement process. We would negotiate with the landlords to seek their approval to work with alternative providers if they were to lose the contract. These types of negotiations have been successful in the past in mitigating the risks described above.

3.7.2 This procurement provides the opportunity for improved integration with the wider substance misuse and mental health pathway through service remodelling and engagement with the treatment and health pathway particularly given the emphasis on working with people with dual diagnoses and complex needs. We would seek to manage these opportunities by ensuring an open and collaborative dialogue with providers and service users so the outcomes specified are achieved over the duration of the contract.

3.7.3 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.6 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	Supported housing services for single homeless adults. See paragraph [1.2]
2 Estimated value	The estimated value per year is £342,768 for the two (2) services. The agreement is proposed to run for a period of three (3) years with an optional extension for a further 3 years on two separate occasions. See paragraph [3.2.1]
3 Timetable	Advert: May 2015 Shortlisting: April-August 2015 Award: September 2015 Other relevant dates: Contractual arrangements to be entered in to by 1 April 2016 See paragraph [3.3.1]
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Two stage restricted tender with the two (2) services divided into lots. See paragraph [3.4.2]
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	These considerations will be factored into evaluation criteria and contractual arrangements. See paragraph [3.5]
6 Evaluation criteria	Cost 20% Quality 80% The award criteria price/quality breakdown is described further within the report. See paragraph [3.6]
7 Any business risks associated with entering the contract	Business risks will be managed through good communication and engagement with provider organisations and property landlords. See paragraph [3.7]
8 Any other relevant financial, legal or other considerations.	See paragraph [4]

4 Implications

4.1 Financial Implications

The current budget earmarked by Islington for the procurement of Housing Support Services for Single Homeless Adults is £343k p.a. and is funded from the Supporting People budget.

This procurement is being done on a cost neutral basis due to the level of savings achieved from these contracts previously, there are also savings expected from other services within this service area and as such any award should not create a budget pressure for the Council.

Providers will be required to ensure that all staff working on this contract are paid at least the London Living Wage.

To avoid future financial pressure for the Council, this contract would need to have a termination clause which allows the ending of this contract if it becomes unaffordable.

Any TUPE cost implications that may arise from this tender will have to be met by existing resources outlined above.

4.2 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.

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 £625,050.00. The value of the proposed contract is above this threshold. It will therefore need to be advertised in the Official Journal of the European Union (OJEU). There are no prescribed procurement processes under the light touch regime. Therefore the council may use its discretion as to how it conducts the procurement process provided that it: discharges its duty to comply with the Treaty principles of equal treatment, non-discrimination and fair competition; conducts the procurement in conformance with the information that it provides in the OJEU advert; and ensures that the time limits that it imposes on suppliers, such as for responding to adverts is reasonable and proportionate. Following the procurement a contract award notice is required to be published in OJEU. The council's Procurement Rules require contracts over the value of £100,000 to be subject to competitive tender.

In compliance with the requirements of the light touch regime in the Regulations and the council's Procurement Rules the proposal outlined in the report is to advertise a call for competition in OJEU and procure the service using a competitive tender process.

4.3 Environmental Implications

There will not be any implications as the service will be delivered from existing buildings

4.4 Resident Impact Assessment (incorporating the Equalities 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.

The new services will be monitored to ensure they meet the needs of single homeless adults in the borough. Potential providers will be required to comply with minimum quality standards on equality and diversity in service delivery.

Overall the proposed tender will have a positive effect on homeless adults in Islington. However, reductions to service budgets are more likely to impact on people living in poverty or low income more

compared to any other group. The aim is to mitigate the impact of any negative effects by improving pathways and exploring more flexible ways of delivering services to certain vulnerable groups.

The RIA will be available on the council website.

5 Conclusion and reasons for recommendations

- 5.1 Housing support services for single homeless adults is a preventative measure that aims to mitigate the effects of harm to people who are homeless or at risk of becoming homeless. These services support HASS and a range of Council departments to improve access to accommodation and support for those with a range of support needs. These services assist Islington residents achieve greater independence and prevent homelessness and support individuals to be more active participants in the wider community.

Appendices:

Appendix 1 - List of current supported housing properties including a breakdown of annual expenditure over the last two years

Appendix 2 - Benchmarked costs from equivalent North London boroughs

Appendix 3 – Rationale for the evaluation of quality versus cost.

Background papers: (available online or on request)

LLW Report

Final report clearance



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**List of current supported housing properties and a breakdown of annual expenditure
over the last two years**

Client Group – Single Homeless						
Lot	Current Services	Service Description	Units/Clients	Contract End Date	Current Annual Value	2 Year Spend (13/14 & 14/15)
1	Bethany House Irish Centre Housing	Female only Single Homeless Supported housing provision situated within one building.	60	31 March 2016	£228,998	£457,996
2	Eagle Dwellings Family Mosaic	Male and Female Single Homeless Supported housing provision situated within one building.	27	31 March 2016	£113,771	£227,542
Total					£342,768	£685,538
9 year total					£3,084,912	

Benchmarked costs from equivalent North London boroughs

North London benchmarking	Islington	Borough A	Borough B	Borough C	Borough D
Single Homeless supported housing service - Average cost per support hour	£16.09	£20.06	£21.96	£23.05	£18.84

Rationale for the evaluation of quality versus cost

	Weighting %	Rationale
Cost	40%	Price for the lots across the life of the contract. Cost savings are not being sought as savings will be made across other the wider portfolio of Supporting People services
Quality is made up of:		
Proposed approach to mobilisation and implementation / change management	5%	Given the potential risks around transferring public sector staff it will be important that there are robust proposals around how the service will be implemented.
Proposed approach to service model	15%	Given the outcomes based specification it will be important for bidders to both describe their service model and how this will lead to the achievement of the outcomes. This criteria also validates outcome proposals and mitigates against bidders putting in unrealistic bids.
Proposed approach to workforce management	10%	Given the outcomes focus of the specification, we would expect high quality staff that are able to provide person centred services. This criteria ensures that bidders are able to demonstrate how they will equip their services with quality staff committed to supporting vulnerable service users.
Proposed approach to partnership working	10%	It is important these services are able to establish strong relationships with other partners in the sector to ensure service users are supported towards recovery from substance misuse problems, to reengage with the communities they are likely to be isolated from and able to move on to live more independent lives.
Proposed approach to managing performance and outcomes	10%	As the specification will be outcomes based, It is important for providers to commit to a level of outcome delivery. Performance against these outcomes will then be used to inform contract extension by results.
Proposed approach to client engagement and involvement	10%	Regular service user involvement has an important place in ensuring the quality of service delivery and supporting the achievement of service user outcomes. Given services will be expected to move toward a new model of delivery, it is also important that the bidders are able to highlight effective plans to consult and co-produce new service models.
Total	100%	