

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	27 <sup>th</sup> November 2014
<b>Subject:</b>	Procurement of Homeless and Housing Related Support Services	<b>Wards Affected:</b>	All Wards
<b>Report of:</b>	Director of Older People		
<b>Is this a Key Decision?</b>	Yes	<b>Is it included in the Forward Plan?</b>	Yes
<b>Exempt/Confidential</b>	No		

### Purpose/Summary

To gain authorisation to complete a tender exercise to replace Homeless and Housing Related Support contracts that are due to expire on 30th June 2015.

To gain delegated power for the Director of Older People to award the new contracts to the highest scoring Bidder(s) in accordance with the process set out in this report.

To gain approval for a joined-up corporate approach to funding the new contracts at reduced cost to the Council.

### Recommendation(s)

That Cabinet

1. Authorise a procurement process, as set out in this report, for the replacement of the Homeless and Housing Related Support contracts referred to in this report;
2. Delegate authority to the Director of Older People to award the contract(s) to the highest scoring bidder(s) at the end of the procurement process.

### How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity		√	
3	Environmental Sustainability		√	
4	Health and Well-Being	√		

5	Children and Young People	√		
6	Creating Safe Communities	√		
7	Creating Inclusive Communities	√		
8	Improving the Quality of Council Services and Strengthening Local Democracy	√		

### **Reasons for the Recommendation:**

Homeless and Housing Related Support contracts with an annual value of £1,196,180 expire on 30th June 2015 and any replacement contracts must be procured in compliance with Public Contract Regulations.

The services covered by these contracts are important services for the delivery of the Council's Homeless Strategy.

In light of the Council's reducing financial resources and recognising the current cost of the separate existing services, the anticipated cost-efficiencies that might be gained from the commissioning of a more integrated service and the fact that many of the current services are discretionary services, it is intended to procure the new services at a significantly lower value.

### **Alternative Options Considered and Rejected:**

The Council could determine to only provide statutory homeless services and to cease provision of wholly discretionary and preventive service. Implications of deciding not to procure replacement services would be:-

- A reputational and financial risk to the authority by the potential failure to perform its statutory duty to homeless applicants. This could result in expensive litigation including judicial review proceedings.
- An increase in the cost of the Council having to provide temporary accommodation for homeless people in expensive B&B placements that we currently rarely use.
- A potential increase in expenditure for Children's Services for 16-17 year children who are homeless. Many young people need housing and low level support to move on in to independence; if these services did not exist then there would be a greater burden on Children's Services.
- A potential increase in rough sleeping in the Sefton Borough; the accommodation services provide accommodation for residents who would otherwise be street homeless.

The Council could also determine to procure the services but at a lower "ceiling" price. The scale of reduction in provision and the extent to which the above implications are applicable would depend upon the market and the tenders received.

### **What will it cost and how will it be financed?**

**(A) Revenue Costs** - the future contracts will be funded from within the current Housing Related Support, Public Health, and the Homeless Prevention Grant

budgets. The saving generated will assist with the Council's ongoing budget pressures.

**(B) Capital Costs** - there are no capital costs for this report.

**Implications:**

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

<p><b>Financial</b></p> <p>The cost of the current services is £1,196,180 per annum which is funded from four specific budget areas - Housing Related Support (£902k), Public Health (£184k), Homelessness (£70k) and Neighbourhoods (£40k) (see Annex A for details). Recognising the current cost of the separate existing services, the anticipated cost-efficiencies that might be gained from the commissioning of a more integrated service are expected to realise a potential saving in the region of £320,000. Consequently, a nominal "ceiling price" of £876,000 will be set for the cost of the new services.</p>						
<p><b>Legal</b></p> <p><b>There may be TUPE implications by virtue of the procurement process.</b> <b>The Council has statutory duties in respect of homelessness under Part VII of The Housing Act 1996 as amended by The Homelessness Act 2002.</b></p>						
<p><b>Human Resources</b></p> <p>There are no Human Resource implications for Sefton Council.</p>						
<p><b>Equality</b></p> <table><tr><td>1. No Equality Implication</td><td><input type="checkbox"/></td></tr><tr><td>2. Equality Implications identified and mitigated</td><td><input checked="" type="checkbox"/></td></tr><tr><td>3. Equality Implication identified and risk remains</td><td><input type="checkbox"/></td></tr></table> <p>The Council reviewed and renewed its Homeless Strategy in 2013 and part of the review was the creation of an Equality Impact Assessment. The Strategy Review identified a number of areas where the Council needed to consider providing services to specific groups, or in a different way. This identified for example a need for more accommodation services for single homeless women and in response to this a 6 month pilot project for a women's only service commenced in July 2014.</p> <p>The new contracting arrangements will provide flexibility to vary the contract to incorporate this pilot in the event it evidences a need and justification for the service to continue.</p>	1. No Equality Implication	<input type="checkbox"/>	2. Equality Implications identified and mitigated	<input checked="" type="checkbox"/>	3. Equality Implication identified and risk remains	<input type="checkbox"/>
1. No Equality Implication	<input type="checkbox"/>					
2. Equality Implications identified and mitigated	<input checked="" type="checkbox"/>					
3. Equality Implication identified and risk remains	<input type="checkbox"/>					

**Impact of the Proposals on Service Delivery:**

Better outcomes should be delivered to service users due to synergies gained from consolidation of capacity. This should allow more flexibility in the application of resources and therefore achieve more efficient and effective services directed at those people in most need of support.

### **What consultations have taken place on the proposals and when?**

#### Housing Related Support (former Supporting People):

Over the last few years extensive consultation has been carried out with service providers and service users.

This included consultation with the Public, Service Users, and four groups of Service Providers

- Older People Services;
- Excluded Groups - Accommodation-based Services;
- Excluded Groups - Floating Support Services; and
- Care & Support Services.

A range of communication mediums were used including events, questionnaires, telephone surveys, written communication and posters.

The most recent meeting of the Housing Related Support and Homelessness Forum was held on 15<sup>th</sup> July 2014 where the procurement and commissioning process was discussed at length.

Homeless Strategy: Extensive consultation with service users and partners was undertaken as part of the Review of the Homeless Strategy 2008-2013 and in creating the current Homeless Strategy 2013-2018. The results of the consultation and engagement were presented to the Consultation and Engagement Panel on 15<sup>th</sup> November 2013.

Over 120 current and past service users took part in the consultation exercise that informed the housing strategy from which this procurement is a key action. A series of interviews were held at a variety of locations throughout the borough including at community-based and accommodation-based support services. A workshop was also held with stakeholders to capture their ideas and opinions.

Procurement Event: A Procurement Event was held on 17<sup>th</sup> October 2014 hosted by staff from Built Environment and the Commissioning Team assisted by Sefton CVS. This well attended event gave current and potential future partners a brief overview of progress of the process to date and an outline of how services may look in the future. Opportunity for questions and feedback was provided before during and after the event. The comments made and questions and feedback received have been factored into report and will be used to finalise the future service specifications that will form the basis of the PQQ and ITT process.

Colleagues from Sefton CVS outlined the support and training that they are able to provide to partners regarding the procurement process especially

- The creation of PQQ and ITT documentation
- Forming consortia between partners
- Registration on the Chest

The contents of this report have been discussed with both the Director of Public Health and the Director of Built Environment.

In relation to this report, the Head of Corporate Finance and ICT (FD3276/14) notes that the introduction of new contracts from July 2015 are intended to generate savings for the Council that will help to address future funding pressures for the service.

The Head of Corporate Legal Services (LD 2568/14) has been consulted and her comments have been incorporated in the report.

### **Implementation Date for the Decision**

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

### **Background Papers:**

The following papers are available for inspection on the Council website via this link: (to be inserted by Democratic Services if necessary)

Contract Procedure regulations  
Sefton Homeless Strategy 2013-2018  
Sefton Homeless Strategy Review 2013  
Consultation and Engagement Panel Report 15<sup>th</sup> November 2013  
Equality Impact Assessment Report August 2013

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## 1. Introduction/Background

- 1.1 The current homelessness services in Sefton are in effect split into two areas; the statutory function and non-statutory preventative services.
- 1.2 **Statutory duty:** The Council has a statutory duty to assess and resolve homelessness within the Sefton Borough and this legal duty is facilitated in-house via the Housing Options Team.
- 1.3 The Council has a statutory duty to provide accommodation for various categories of people for whom preventative services have failed or for those who approach the Council and are assessed as homeless and in a priority need category (i.e. they are considered to be vulnerable as a homeless applicant).
- 1.4 Those who could be considered as homeless and in priority need includes a wide range of people, many of whom will have an additional need or vulnerability (e.g. young people, substance misuse, offending history, former Armed Forces personnel, physical or mental ailment or disability). Our current contracted services provide accommodation based support to these individuals.
- 1.5 Accommodation for these service users is provided via the Council owned Homeless Unit in Litherland or via partner agencies that are supported by Housing Related Support funding.
- 1.6 **Non-Statutory Prevention Services:** successive governments have directed the Council towards preventative services, in order to prevent homelessness occurring in crisis situations, by either resolving the issue that threatens homelessness or moving people in a planned and managed way. Many of these preventative services are currently funded as part of Housing Related Support (formerly Supporting People programme).
- 1.7 There are also a number of people to whom the Council does not owe a statutory duty but nonetheless are homeless and require accommodation to prevent the potential for rough sleeping (e.g. a single homeless person with no additional need or vulnerability). In this case the Council may exercise its discretion to place persons in accommodation.
- 1.8 Providing services to prevent people who are not currently homeless from becoming homeless (and thereby entitled to a statutory service) significantly reduces the cost to the Council and the public purse in general. This has and continues to be recognised by successive central governments as a “spend to save” service that offers good Value for Money due to:

- Reduction in the number of rough sleepers who have a disproportionate impact on health services, community cohesion, low level anti-social behaviour and pose a potential reputational risk to the Council if reported numbers continue to increase, as they have for the last few years.
- Reduction in the number of people who are subject to formal homeless assessment that are very resource intensive and costly for the Council to administer. For example, during 2013-2014 one service accommodated around 150 people; if the Council did not support our partners to provide these services and wanted to prevent rough sleeping we would be required to make use of hotel style B&B placements for them all (as other Local Authorities do). The cost to the Council for these placements would have been in the region of £2.5m. This amount is before any consideration of any additional costs e.g. A&E admissions, anti-social behaviour, short stay imprisonment, emergency mental health access, possible impact on social care, exacerbating health and/or addiction problems.

## **2 Homeless Strategy**

- 2.1 The Council undertook a review of its existing Homeless Strategy 2008-2013 in 2013, as required by law. The current Homeless Strategy 2013-2018 updates our requirements for the future and crucially reflects the need to direct scarce and reducing resources towards those members of our society who require the most help and support. One of the main recommendations and actions is that the Council should ensure that we make available the required levels of resources for tackling homelessness.
- 2.2 The future services that form the core of our re-commissioning process will allow us to better manage and target our resources to those people most in need of them.
- 2.3 The future services will have a focus on preventing and resolving homelessness at their core and will focus on those who do, or who would, fall within the remit of the Council's statutory duty.

## **3 Current Position**

- 3.1 The Council currently provides a range of services that allow the Council to not only fulfil its legal duty to homeless people but also provide the preventative services that support people to remain in their home or to move on in a planned manner. The services fall broadly into a number of headings outlined below.
- 3.2 Accommodation Based Services: these services provide accommodation for homeless people and the support that the service user needs to achieve the outcome of independent living. These services will cater for a range of people; some are generic (homeless people with low-level additional needs) and others are specific to a client group (e.g. high level offenders, substance

misuse). People within these schemes may have been subject to a formal homeless assessment and fall within the remit of the statutory duty whereas others will not. The Council has four current contracts for this style of service, with Bosco Society, DISC, Forum Housing Association, and North West Property Custodians, and a pilot project with Excel Housing.

- 3.3 Floating Support Services: in the main these services provide advice and support to those threatened with homelessness by attempting to resolve issues that could result in them becoming homeless. The support is provided whilst the service user is within their home. The extent, type and level of support provided are dependent on the identified need of the service user. The current services are ordinarily targeted at specific groups rather than a generic service. Priority for these services should be given to those who would be owed a statutory duty if they were to become homeless. Some of the organisations that currently provide floating support services also have contracts with the Council for other services and this report does not seek approval nor make recommendations regarding those other services. The Council has five current contracts for this style of service, with Bosco Society, DISC, Light for Life, Merseyside Youth Association and Venus.
- 3.4 Housing Advice: the Council has a legal obligation to provide free Housing Advice to residents of the Sefton Borough. Currently the majority of this formal advice is provided by in-house Council services (Housing Options Team and the Substance Misuse Single Point of Assessment Team) however, the Council currently has a Service Level Agreement with Light for Life, funded from the Homeless Prevention Grant and Neighbourhoods Budgets, for the provision of Housing Advice in Southport. This service is a complementary service to the in-house services.

#### **4 Future position**

- 4.1 The future commissioned services will allow the Council to focus more of its reducing resources on those who are most vulnerable and most in need of support, including those who do, or who would, fall within the remit of the Council's statutory duty.
- 4.2 The primary service outcomes within future contracting will focus on preventing and resolving homelessness but will also focus on the additional "factors" of homelessness, considering community impact, employment, health, and financial stability.
- 4.3 Outcomes and targets/indicators will be agreed with all relevant professional/service areas and reflect all required outcomes. The evaluation process will also include all relevant professional/service areas as appropriate.
- 4.4 The number of contracts that will be created by this procurement process will be fewer than those that currently exist but it is hoped that the range of services captured within the contracts and capacity will increase, providing more flexibility to adapt to client need.



4.5 The future contracts will be organised in lots under the broad service headings shown below; it is likely that there will be a maximum of ten lots in the future

- **Rough Sleepers Services** will be introduced in response to the growing number of rough sleepers in the Sefton Borough, and the end of the current Merseyside wide No Second Night Out arrangements in March 2015. This will include an Outreach Service and a community drop-in facility and link up with the new Gateway System enabling the Council to better manage and control access to appropriate services for Sefton Borough residents based on need.
- **Accommodation Based Services for Single people and couples without children who are Homeless (including those owed a statutory duty):** these services will be targeted at (i) those aged 16+, (ii) ex-offenders on license, (iii) substance misuse moving towards abstinence, and (iv) a female only service. All of these services will have the capacity to provide 24/7 staff cover and the new contracts maximise use of this by introducing a night time “sit up service” as part of the contract. The sit-up service will also complement the Rough Sleeper Service. The contract will also include a small element of move-on support.
- **Housing Advice** and Preventive Services (Southport & Formby area): This contract will replace the current long standing Service Level Agreement whilst an in-house team will continue to deliver this service to the rest of the Sefton Borough from offices in Bootle. To date provision of housing advice within the statutory assessment service, delivered from the Bootle office, complemented by an advice service in the north of the Borough has provided an effective solution, hence the intention to continue with this approach, albeit at a lower overall cost to the Council.
- **Floating Support services:** these services will provide floating support on a generic basis (potentially split geographically on a north-south basis) and also to high risk offenders living in the community.

4.6 The contracts for these services will allow for a single contract to be provided by a single provider or by way of a consortia approach. Service providers will be able to bid for an individual contract or a number of contracts. The market will determine whether any providers are in a position to bid for one or more lots.

4.7 Currently many contracts are based on the number of clients given support for an agreed period per week, at an agreed hourly rate. This is too inflexible and leads to some people being denied a service because their need is too great whilst others are provided with support at a level that they don't require. The

contract tenders will have a maximum financial value attached and will be primarily based on the number of people accessing the service during a given time period.

- 4.8 The Contract Service Specifications will focus on outcomes for the people rather than being overly prescriptive in how the service provider actually operates. This will allow for innovation and flexibility based on individual assessment rather than a “one size fits” all approach.
- 4.9 The contracts will include clauses that can be activated in the event the Council needs to terminate the contract early / before the term is up. The terms and conditions of any clauses will be contained within the final contract and are not outlined in this report.
- 4.10 The new contracts will also require the providers to commit to, and fully engage with the Council’s proposed Gateway system that will be introduced in December 2014. The Gateway system will prioritise and direct people to the appropriate services available to them. The Gateway system will allow the Council to prioritise Sefton residents for Sefton services and identify priority need when it arises, helping to focus more of the Council’s reducing resources on those who are most vulnerable and most in need of support, including on those who do, or who would, fall within the remit of the Council’s statutory duty. The Council will therefore have control over who accesses these services and will be able to use the system to better manage the services and provide information and data to inform future services.

## **5 Procurement Strategy and Timetable**

- 5.1 It is proposed that at the end of the procurement process, 5-year contracts with the option to extend for up to a further 2 years will be entered in to with Providers. The intention is to provide market stability, long-term investment by providers and focus on continuity for Service Users. The contracts will however include clauses that can be activated in the event the Council needs to vary the contract or terminate the contract early.
- 5.2 Variation clauses will allow the Council to vary the contract accordingly in the event the level of funding available changes from that set out in the initial contract.
- 5.3 The specification of requirements including outcome measures, evaluation and selection of Provider is a combined effort with all funding departments involved at each stage. The emphasis is on a more organised Gateway approach offering person centred services to match the outcomes needed by the Client rather than directing clients to bespoke services.
- 5.4 There are a number of suitable procurement routes. For this particular procurement, to reduce administration a two stage process is proposed. Stage 1 will set basic eligibility criteria. Stage 2 will assess a limited number of bidders who meet the Stage 1 criteria.

5.5 In the Stage 2 assessment, “cost” will account for 20% and “quality” will account for 80% of the total score. A nominal “ceiling price” of £876,000 will be set for the combined cost of the new service(s), thereby ensuring that the cost of the service(s) remains within the Council’s budgetary provision.

5.6 The Basic Criteria and Quality Measures will include:

Standard criteria:

- Current and past experience, track record and references
- Financial viability
- Appropriate Insurance
- Equality submission
- Health and safety performance

Quality measures:

- Nature of service model/service configuration proposed
- Engagement of service users and Service user involvement in service design, delivery and performance monitoring
- Partnership working and engagement/integration with local agencies /stakeholders
- Planning & performance management
- Forecasted levels of service activity, outputs, outcomes, throughput etc.
- Workforce training and qualifications
- Added Social Value and community impact
- Implementation plans
- Complaints and complaints handling

5.7 The revised Procurement Timetable shown below will allow future service contractors a much longer period of time to prepare for PQQ and ITT and will allow Sefton CVS to provide more support to individual organisations or as a group.

5.8 Procurement timetable:

- Procurement Event Feedback Period ended 31<sup>st</sup> October 2014
- 20<sup>th</sup> November 2014 Cabinet report published
- 27<sup>th</sup> November 2014 Cabinet meeting
- 11<sup>th</sup> December 2014 Call-in period ends
- 12<sup>th</sup> December 2014 Chest – PQQ (7 weeks to complete)
- 30<sup>th</sup> January 2015 PQQ Submission period ends
- 15<sup>th</sup> February 2015 Evaluation period ends
- 16<sup>th</sup> February 2015 ITT’s issued (6 weeks to complete)
- 27<sup>th</sup> March 2015 ITTs submission period ends
- 13<sup>th</sup> April 2015 Evaluation period ends
- 17<sup>th</sup> April 2015 Contract Award
- 1<sup>st</sup> July 2015 Contract go-live

## Appendix A – Breakdown of Current Services and Costs

Table Showing The Outgoing Contracts To Be Included In The Tendering Exercise									
Provider	Annual Value					Current Funding Sources			
	1. Accommodation based service	2. Floating Support	3. Housing Advice	4. Other	5. Total	Housing Related Support	Public Health	Homeless Prevention Grant	Neighbourhoods
A	126,468				126,468	126,468			
B		35,000			35,000		35,000		
C	345,875				345,875	345,875			
D	43,160				43,160	43,160			
E			95,000		95,000			70,000	25,000
F		106,925			106,925	94,925			12,000
G	80,236			40,000	120,236		120,236		
H		139,698			139,698	139,698			
I		47,518			47,518	47,518			
J		104,780			104,780	104,780			
K				31,500	31,500		28,500		3,000
<b>Total value of current contracts</b>	<b>595,739</b>	<b>433,921</b>	<b>95,000</b>	<b>71,500</b>	<b>1,196,160</b>	<b>902,424</b>	<b>183,736</b>	<b>70,000</b>	<b>40,000</b>
<b>Maximum value of future contracts commencing on 1st July 2015</b>					<b>876,160</b>				
<b>Target Saving</b>					<b>320,000</b>				