

**Contract Award: Single Homeless and Rough Sleepers Pathway Services**

**CONTRACT APPROVAL**

**Key Decision No.CACH Q.94**

**CPC MEETING DATE  
(2020/21)**

7 September 2020

**CLASSIFICATION:**

Open with exempt appendices

**By Virtue of Paragraph(s) 3, Part 1 of schedule 12A of the Local Government Act 1972 appendices A & B are exempt because they contain information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

**WARD(S) AFFECTED**

All

**CABINET MEMBER**

**Cllr Christopher Kennedy**

**Health, Adult Social Care, and Leisure**

**KEY DECISION**

Yes

**REASON**

Affects two or more wards  
Spending/or saving

## **GROUP DIRECTOR**

Anne Canning, Group Director Children, Adults and Community Health

### **1. CABINET MEMBER'S INTRODUCTION**

- 1.1. In September 2018, CPC agreed that the Single Homeless Rough Sleeper (SHRS) Pathway service would be awarded through a direct negotiation process. The service will support adult single homeless and rough sleepers, who have multiple and complex needs (which include mental ill health, offending behaviour, substance misuse and personality disorders), achieve social inclusion. This service is designed to enable people, through a phased support journey, move from chaotic lifestyles to independence.
- 1.2. Utilising a service model that is person-centred, the SHRS Pathway addresses the health and housing needs of those that place high demands on services, whilst adding value and delivering potential savings across the local health and care system. By enabling people to address their support needs and acquire the skills to live independently, this service will reduce levels of need across a marginalised and vulnerable group. This also enables the Local Authority to discharge its duty under the Care Act 2014 to provide preventative services and increase the wellbeing of residents.

### **2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1. This report seeks approval to award a contract for a housing-related support service for single homeless adults in the London Borough of Hackney.
- 2.2. The service delivers support to people with multiple and complex needs associated with homelessness and entrenched street homelessness, including mental ill health, offending behaviour, substance misuse and personality disorders. The procurement process has ensured that the service will be innovative, efficient and fit for the future, promoting independence, increasing quality of life and helping people re-engage in their local communities.

### **3. RECOMMENDATION(S)**

Cabinet Procurement Committee is recommended to agree the award to St Mungos of the single homeless pathway contract for a term of five years with the option to extend for one plus one years (5 + 1 + 1). The total contract value

being £6,091,050 for five years and £8,527,470 if extended to seven years. This follows a direct negotiation as approved by CPC in September 2018.

#### 4. RELATED DECISIONS

##### 4.1. [CACH P9 Re-tendering of Housing Related Support Contracts.](#)

#### 5. REASONS FOR DECISION/OPTIONS APPRAISAL

5.1 The report seeks to gain approval for the award of a contract following a direct negotiation process which was approved by Cabinet Procurement Committee in September 2018.

5.2 This award is in relation to Key Decision CACH P9, Recommendation 3:

*Agree to the direct negotiation of a contract for a single homeless pathway which will include hostel-based services provision for ex-offenders and people who need step-down support. The contract term will be for 5 years with an option to extend for a further 2 years (5 + 1 + 1 years). The annual contract value is £1.4m per annum; equivalent to a £9.8m total contract value. On completion of the negotiation, a Single Tender Action will be submitted to Cabinet Procurement Committee for approval.*

5.3 The contract award is for an accommodation based scheme delivering support to adult single homeless and rough sleepers with complex needs around substance misuse, mental health and physical health needs, particularly those associated with entrenched rough sleeping. The service is to provide support that will allow people to prepare for options through and out of the Pathway, facilitating the **Assessment, Engaging Support** and **Move Through** stages of the Pathway, depending on service user needs.

5.3.1 The Provider shall work with a range of adult single homeless service users who may or may not present a risk to themselves or others. The service will focus on both stabilising clients with previously chaotic lifestyles, including those engaged in street activity, and preparing a clear route to independent living.

5.3.2 The service will be flexible and responsive to the multiple and complex needs of service users including:

- People with substance misuse issues, including those who are in the pre-contemplative and contemplative stages of addressing those issues
- People with very chaotic lifestyles, including those displaying anti-social behaviour
- People with low level and/or undiagnosed mental health needs who may or may not be addressing those issues
- People at risk of offending

- People with health issues associated with entrenched rough sleeping

5.3.3 It is expected that the service will offer flexibility in response to the needs of service users. It is expected that service users with high level support needs will receive 24 hour staffing; those service users with medium level support needs will require staffing that does not conform to a normal 9 to 5 working day.

5.3.4 The service will provide high/medium and medium support to:

<b>Support Level</b>	<b>Capacity</b>	<b>Service</b>
High/medium	68 adult single male/female	146 Mare Street, London E8 3SG
High/medium	33 adult single female only	136 Church Walk N16 8QQ
Medium	24 adult single male/female	144-148 Lansdowne Drive E8 4NF
Move on-Enhanced Housing Management	47 adult single male/female	Various sites in LB Hackney

5.3.5 People accessing the service may occasionally engage in illegal activity and the Provider is expected to work in partnership with the police and probation services to explore enforcement options where appropriate.

5.3.6 Entrenched rough sleepers typically experience poor health outcomes and ill health; it is anticipated that the majority of service users will be supported by the Provider to address those needs. There will be a minority who are diagnosed with a terminal illness; for those individuals, the service shall provide practical and emotional support if they choose to remain in the scheme. The Provider will work in partnership with the appropriate health services to implement an end of life care plan.

5.4 Concerning the legal powers on which the Council relies to carry out this course of action, Regulation 32 of the Public Contracts Regulations 2015 allows the use of the Negotiated Procedure without Prior Publication and the awarding of contracts without competition on certain limited grounds. In this case, it is proposed that (Reg. 32(2)(ii)) applies “competition is absent for technical reasons... but only, in the case of paragraphs (ii) and (iii), where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement”. Reliance on the above Regulation was justified at Business Case stage on the basis that the land and building is unique and necessary to the project. No other provider has this type of property available.

- 5.5 To support the Best Value duty to promote efficiency, the Directorate committed to use the open procurement process undertaken for related Mental Health HRS accommodation contracts to benchmark current market rates and inform negotiations.
- 5.6 The contract will be funded through the existing London Borough of Hackney Adult Commissioning Housing Related Support budget. No additional funding is required.

## **5.7 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

- 5.7.1 The options considered and rejected at Business Case stage were:
- 5.7.2 Do nothing. CPC stated that no further contract extensions would be agreed. Therefore this was not an option.
- 5.7.3 Outsourcing via competitive procurement. It is unlikely the Council would secure properties to match the existing local facilities which allows for a large number of beds. The properties used by the current provider have a covenant placed upon them which means the current properties cannot be used for any other purpose. The flagship property on Mare Street is ideally situated and has recently undergone a very expensive refurbishment and is of a high standard. The property is owned by the service provider who will not allow other services to run from the property.
- 5.7.4 Insourcing. The council would not be able to source the appropriate required property. The provider owns the existing premises and has communicated their unwillingness to lease property to the Council for the Council to then provide services. Insourcing could be explored when commissioning this service in the future, however consideration must be given to acquiring or building a suitable property as well as a staffing team with the relevant skills.
- 5.7.5 Outsourcing via direct negotiation was the chosen option as the current provider has purpose built properties in the local area, refurbished to a good standard. Market testing identified no other provider with access to such properties suitable to use as hostel provision.

## **6. PROJECT PROGRESS**

- 6.1. **Developments since the Business Case approval.**

The SHRS Pathway service represents one of five recommendations presented in the business case. Progress on the other projects is set out below:
- 6.1.1 A new integrated floating support contract for five years with an option to extend for a further two years was granted in March 2019. The service launched on 31st October 2019.
- 6.1.2 A new mental health accommodation based support service for five years with an option to extend for a further two years was granted in October 2019. The service launched in January 2020.

6.1.3 Direct negotiation of a contract for an Orthodox Jewish mental health accommodation based support service for five years with the option to extend for a further two years, a report will be submitted to CPC later this year.

6.1.4 Direct negotiation of contracts for Older Adults services is ongoing.

6.2. **Whole Life Costing/Budgets:** Funding is available for this project within the existing London Borough of Hackney Adult Commissioning Housing Related Support budget. The price stated below is fully inclusive of staffing, office accommodation, all expenses (including travel) and recognises the annual inflationary pressures over the lifetime of the contract:

Housing Related Support Provision	Year 1 Investment £	Year 2 Investment £	Year 3 Investment £	Year 4 Investment £	Year 5 Investment £
SHRS Pathway Service	1,202,202	1,187,054	1,210,269	1,233,400	1,258,125
<b>Whole Life Investment</b>	<b>£6,091,050 for 5 years and £8,527,470 for 7 years (if extended 5+1+1)</b>				

6.3. **SAVINGS**

There are no immediate savings identified against current spend, however:

- The contract will be delivered with no annual inflationary uplift.
- Current provision has been increased by 47 bed spaces, at neutral cost to the Council. This represents added value.

7. **SUSTAINABILITY ISSUES**

7.1. **Procuring Green**

The PRIMAS indicated 2 areas of environmental impact:

(a) Travel

Our own assessments showed that the biggest impact for this service would be the transport needs of staff and service users when attending external appointments. Providers were asked to have in place an environmental impact reduction policy which includes supporting staff to choose more environmentally friendly methods of travel. The provider promotes access to a Bike to Work scheme to all employees.

(b) Property

The properties associated with this service will be installed with energy efficient appliances rates A+++

7.2. **Procuring for a Better Society**

The PRIMAS highlighted the positive impact these contracts will have on the local economy. It provides safe and appropriate housing for Hackney residents. The provider will generate meaningful employment for people using their services, specifically training to empower and engage clients in work-related activities.

The provider is an 'Investing in Volunteers' accredited organisation with a dedicated Volunteer Services team. This team set clear support structures for volunteers across the organisation and shall implement innovative models of volunteering. One such model is the client volunteer pathways. This provides clear routes for service users and the wider community to get involved in volunteering, thus enabling them to acquire skills that will prepare them for work.

The provider is a London Living Wage employer.

**7.3. Procuring Fair Delivery / Equality Impact Assessment and Equality Issues**

A full Equalities Impact Assessment (EIA) has been completed in June 2018 and presented as part of the Business Case for procurement.

7.4 The relevant KPIs relating to these themes are listed in Appendix 1.

**8. TENDER EVALUATION**

**8.1. Evaluation:**

The process followed for this procurement was a Negotiated Procedure without Prior Publication, with a single provider identified at Business Case stage. This section therefore describes the negotiation process undertaken with this provider, rather than the evaluation of competitive bids.

The detailed negotiation process followed is set out in Appendix 1: Negotiation Framework. To summarise, this comprised the following steps:

- a. Preparation - data analysis comprising data analysis and preparation of the Specification
- b. Discussion - Agreement of the negotiation process with the provider and confirmation of the specification, scope and budget
- c. Proposal - Submission of a proposal in response to the specification by the provider including pricing schedule service methodology and staffing
- d. Bargain and close - including agreement of the outcomes by the Head of Adults Commissioning and Group Accountant.

**8.2. Recommendation:**

The recommendation is to award the contract to St Mungo's following a successful negotiation process.

- The pricing offered is within budget and compares favourably to benchmarking with similar services (See Exempt Appendix B)
- The service proposal meets the Needs and Objectives as identified in the Business Case as detailed in section 9.2.
- The service represents a significant component of the Council's homelessness reduction service; by offering specialist support to those who are homeless and have complex needs they are enabled to live independently and prevented from becoming statutorily homeless.
- Existing resources are available to manage the contract, no new costs will be incurred.
- This service will continue to be delivered by the current provider, therefore TUPE does not apply
- London Living Wage will be paid as a minimum to the providers staff working on the contract in line with Council policy.

## **9. CONTRACT MANAGEMENT ARRANGEMENTS**

### **9.1. Resources and Project Management (Roles and Responsibilities):**

9.1.1 The Quality Assurance & Compliance officer will lead on contract management, specifically:

- Analysis of quarterly KPI data
- Analysis of annual quality audit self- assessment
- Stakeholder Feedback
- Service user questionnaires, focus groups and one to one discussions
- Regular contract monitoring meetings
- Annual service review

9.1.2 To ensure we maintain a high level of quality support provision commissioners will work with the provider to relaunch the service, implementing a service model that emphasises a focus on psychologically informed support and person-centred outcomes.

9.1.3 The following measures are in place to ensure we can demonstrate value for money on an ongoing basis:

- Benchmarking data reflects unit costs are in line with the market.
- The service specification emphasises continuous improvement as a priority for the service.
- Commissioners will remain informed about best practice across the sector, implementing changes to the model when necessary.
- Commissioners will focus on analysing person-centered KPI data, working with the provider to address areas that require improvement in a timely manner.
- Commissioners will utilise service user feedback to ensure provision is fit for purpose and demonstrates the provider's commitment to continuous improvement.



9.2. **Key Performance Indicators:**

9.2.1 The service provider is primarily tasked to support people achieve person-centred outcomes that are tailored to help them move from chaotic lifestyles to independent living. Those outcomes are set out below:

**Person Centered Outcomes and KPIs**

Service Outcomes	Indicator
<p><b>Economic Well-Being</b></p> <ul style="list-style-type: none"> <li>● maximise income, including receipt of the correct benefits reduce overall debt</li> <li>● obtain paid work</li> <li>● participate in paid work</li> </ul>	<p>100% in receipt of full benefit entitlement                      Less than 1% eviction due to arrears                      % obtaining paid work                      % maintaining employment</p>
<p><b>Enjoy &amp; Achieve</b></p> <ul style="list-style-type: none"> <li>● participate in chosen training and / or education</li> <li>● achieving desired qualifications</li> <li>● participate in chosen leisure / cultural / faith / informal learning activities</li> <li>● participate in chosen work like / voluntary / unpaid work activities</li> <li>● establish contact with external services</li> <li>● establish contact with family / friends</li> </ul>	<p>% with active plan for participating in activities                      % engaged in voluntary work                      % attending external activities                      % with established contact with family and friends</p>

<p><b>Be Healthy</b></p> <ul style="list-style-type: none"> <li>● better manage physical health</li> <li>● better manage mental health</li> <li>● better manage substance misuse</li> <li>● better manage independent living as a result of assistive technology / aids and adaptations</li> </ul>	<p>100% registered with doctor/optician/dentist                      % better managing mental health                      % who have had no hospital readmissions                      % better managing substance misuse                      % accessing substance misuse services                      % successfully maintain their accommodation</p>
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<p><b>Stay Safe</b></p> <ul style="list-style-type: none"> <li>● maintain accommodation and avoid eviction</li> <li>● comply with statutory orders and processes</li> <li>● better manage self harm, avoid causing harm to others, minimise harm / risk of harm from others</li> </ul>	<p>100% avoided eviction  % complying with statutory/Probation/CRC  % better managing self harm</p>
<p><b>Make a Positive Contribution</b></p> <ul style="list-style-type: none"> <li>● greater choice and / or involvement and / or control at service level and within the wider community</li> </ul>	<p>100% participation in house meetings  % involved in volunteering</p>

9.2.2 The aims of the service are:

- To develop and support the implementation of psychologically informed environment (PIE) and trauma informed support within the project
- To assist, support and develop staff to improve outcomes for service users with complex needs
- To maximise planned and sustainable moves for service users
- To increase the number of appropriate referrals to mental health services for service users
- To increase self-care, insight and living skills of this client group
- The Provider is expected to deliver the service showing a high level of commitment to working in partnership with:
  - Commissioners to develop the service as required
  - other providers, stakeholders and Commissioners to assist the development and continuous improvement of the Pathway
  - with relevant health services to reduce illicit drug use and associated harm; support residents to engage in substitute prescribing and addressing other mental and physical health needs
  - Police, Probation/CRC and others involved in the MAPPa structure and Criminal Justice System to ensure that service users are linked to the appropriate services
- Develop policies and procedures that will ensure the service is of a high quality, the Hackney Quality Assurance Assessment Framework (HQAAF).
- Recruit, train and develop staff with appropriate skills, qualifications and

competencies who are committed to the delivery of a high quality service with strong service user input

- To implement a locality management/community safety policy
- To manage service users' expectations around housing options; promoting and supporting them to fully utilise the local authority's private rented sector scheme as the primary move on option for those seeking independent accommodation

The service model has been configured to develop a psychologically informed environment using a trauma informed approach to support provision.

9.2.3 These service aims to support the following strategic objectives:

- LB Hackney's Homelessness Strategy, specifically the Council's commitment to assist vulnerable individuals and assist vulnerable individuals and tackle rough sleeping.
- The Council's Housing Strategy 2017-22; delivering supported housing in Hackney that meets the borough's highest unmet needs.
- The Hackney Corporate Plan - 'to make the borough a place for everyone, with excellent services'.

## **10. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

10.1. The recommendation of this report is for Cabinet Procurement Committee (CPC) to award the contract for the Single Homeless Rough Sleepers (SHRS) pathway service to St Mungos. The contract will be for an initial five year period with the option to extend for a further two years (5+1+1). The contract value over the five year contract is £6.091m and the cost over the maximum seven year life of the contract is £8.527m. This follows a direct negotiation as approved by CPC in September 2018. *The level of voids within the service need to be monitored closely and minimised to ensure optimal value over the life of the contract.*

10.2. *The annual contract value of £1.2m has been factored into Housing Related Support Programme plans for the 2020/21 financial year, and will not result in a budget pressure for the Council. For future years, the contract cost must be reviewed and contained within the overall Housing Related Support budget allocations over the contract period. If a budget pressure arises, then management actions would need to be implemented to contain expenditure within the budget available.*

## **11. VAT Implications on Land & Property Transactions**

NA

## **12. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE SERVICES**

- 12.1. On 12 September 2018 Cabinet Procurement Procurement Committee approved the direct negotiation of a contract for the service, as part of the overarching Business Case for the re-tendering of housing related support services. Therefore this Report is being submitted to the Cabinet Procurement Committee for Contract Award, as agreed and in line with paragraph 2.7.7 of the Contract Standing Orders of the Council as the value of this agreement is over £2m.
- 12.2. Details of the procurement process undertaken by officers are set out in this Report. The proposed award to the Provider follows a direct negotiation procurement process in respect of services which are classified as Social and other Specific Services under Schedule 3 of the Public Contracts Regulations 2015. Regulation 32(2)(ii) of the Public Contract Regulations 2015 permits the use of a negotiated procedure without prior publication in circumstances where competition is absent for technical reasons, but only where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing of the parameters of the procurement exercise. This approach had been confirmed by the Cabinet Procurement Committee on 12 September 2018.
- 12.3. Legal Services will assist with the preparation of contract documentation as required.

### **13. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 13.1. The contract is valued up to £8,527,470 which is above the relevant EU public procurement threshold (Social and Other Specific Services “light touch” regime) and must be awarded in accordance with the relevant procedures set out in the Public Contracts Regulations 2015. The Council’s Contract Standing Order 2.7 requires that the award of a contract of this value be approved by the Cabinet Procurement Committee.
- 13.2. In October 2018 CPC approved the route of Negotiated Procedure without Prior Publication on the grounds that competition is absent for technical reasons; namely that the land and building is unique, necessary to the project and is owned by the provider. This is in accordance with PCR 2015 Regulation 32(2)(ii).
- 13.3. The commissioning team have carried out a structured negotiation, utilising the process to confirm the required deliverables, performance measures and cost with the provider. A benchmarking exercise has been undertaken to provide assurance that the contract price from the sole supplier delivers value for money in comparison with similar services.
- 13.4. The commissioning team has aligned the sustainability impacts identified at Business Case stage with the Council’s current Sustainable Procurement

Strategy. Relevant environmental, economic and social performance measures have been incorporated into the contract to deliver and report against corporate targets. London Living Wage will be paid to the contractor's staff, this must be re-confirmed on an annual basis.

- 13.5. Appropriate contract management resources and processes are understood to be in place to facilitate effective delivery of services and outcomes by the provider.

## APPENDICES

Appendix 1: Sustainability Outcomes

## EXEMPT

Exempt Appendix A: Negotiation Framework

Exempt Appendix B:

Benchmarking data collected 2019/20 for single homeless rough sleeping provision (Exempt - Category 3)

By Virtue of Paragraph(s) Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Exempt appendices attached in the exempt part of the agenda.

## BACKGROUND PAPERS

**In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required**

### Description of document (or None)

None

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## Appendix 1

### Sustainability Outcomes

Service Outcomes	Indicator
<b>Green</b>	
To ensure clear environmental benefits when delivering the service	<ul style="list-style-type: none"> <li>● % reduction in water usage</li> <li>● % reduction in waste disposal</li> <li>● % of material recycled</li> <li>● % of reduction in carbon emissions</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Better Society (Everyone)</b></li> </ul>	
To deliver maximum value through the service that will benefit the local area, economy, health and wellbeing of residents in the wider community	<ul style="list-style-type: none"> <li>● No. and % of local people employed on a contract</li> <li>● No. and % of local people offered training and apprenticeships</li> <li>● Amount and % of spending with local contractors</li> <li>● Amount and % of direct spend with local suppliers</li> <li>● Amount and % of direct spend with SMEs</li> </ul>
<ul style="list-style-type: none"> <li>● <b>Fair Delivery</b></li> </ul>	
To ensure the service values diversity and is accessible.	<ul style="list-style-type: none"> <li>● No. and % of the Council's identified equality groups using the service</li> <li>● No. and % of the Council's equality groups employed by the service</li> <li>● No. and % of the Council's equality groups offered training and apprenticeships</li> <li>● Amount and % of corporate spend with BME subcontractors</li> <li>● Amount and % of spend with BME suppliers</li> <li>● No. of complaints from contracted staff</li> <li>● % of staff complaints and issues that are addressed satisfactorily</li> </ul>

