

ADULT SOCIAL CARE: EXEMPTION FROM CONTRACT REGULATIONS FOR THE DELIVERY OF THREE HOMELESSNESS HOUSING RELATED SUPPORT SERVICES

To: Cabinet

Date: 12th June 2012

From: Adrian Loades, Executive Director: Children and Young People's Services and Adult Social Care

Electoral division(s): All

Forward Plan ref:

Key decision: No

Purpose: To outline the case for the approval of a contract exemption for a housing related support (Supporting People) contract

Recommendation: To approve a contract exemption with respect to the following adult social care contract

THREE SERVICES FOR SINGLE HOMELESS PEOPLE – supplied by Riverside ECHG (a charitable registered provider of social housing) currently as part of one contract to allow:

1. The issue two new contracts of 3 years, plus up to 2 years' extension, from 1 April 2013 for one of the services (a large hostel for single homeless people in Victoria Road, Cambridge) to enable significant remodelling into two separate services
2. The extension of the existing contract for up to 2 years from 1 April 2013 for one of the services (smaller hostel for single homeless people in Willow Walk Cambridge) to enable market testing
3. The extension of the existing contract for up to 2 years from 1 April 2013 for the third service (move-on accommodation for single people previously in hostel accommodation in seven houses in Cambridge) to enable alternative options to be explored prior to tendering

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1.0 SUPPORT SERVICES FOR SINGLE HOMELESS PEOPLE

1.1 Background

1.2 Under the Supporting People programme support providers are contracted by the County Council to deliver housing support services to vulnerable people in all five districts of Cambridgeshire. The County Council is the Administering Authority for the programme hence why it holds the contracts with the support providers. The services in this report are hostels located at two sites in Cambridge: 222 Victoria Road and Willow Walk, and seven shared houses in the City providing move-on accommodation. All are provided by Riverside ECHG under one contract. The contract comes to an end in April 2013 and cannot be extended without Cabinet approval. The provider offers good quality supported housing services locally in Cambridge City and across the country.

1.3 It is recommended that the contract is exempted from contract regulations and not put out to tender as to do so would cause diseconomies and/or significant disruption to the delivery of Council services. It is recommended that new contracts are put in place, with new terms and conditions that provide additional protection for the County Council compared with the current contract and are more outcome focused. One of the services is currently undergoing significant remodelling that will result in two separate services for people requiring different levels of support. One for people with high levels of support needs, as in the current hostel, and one for people with lower levels and are preparing to move onto independent accommodation. It is recommended that a new contract is issued for each of the resulting services so that they can be commissioned separately in the future. It would also clearly signify to all stakeholders that they are two distinct services.

1.4 Main Issues

1.5 A review of accommodation-based housing support services has been taking place over the last 2 years to determine if services meet strategic objectives. The review looked at a whole range of Supporting People funded services including those for single homeless people. Consideration has also been given to whether services could be provided more efficiently by use of the floating support service (supporting people based on their need rather than their accommodation). Finally, where accommodation based services are to be retained, the review has considered whether the service we want is being provided in the most cost efficient manner.

1.6 Over the last 2 years the Supporting People Team has put out to tender contracts in excess of £2.3 million per annum, resulting in annual savings of over £0.5m. These services generally were more expensive than comparable services and not tied to specific accommodation. The option to tender has been taken where it is most appropriate/beneficial.

1.7 The main issues are:

Service 1: Large hostel for homeless single people requiring significant remodelling into two separate services

- i) The contract value for this service for the is £404,183 per annum and is provided by Riverside ECHG.
- ii) The current hostel at 222 Victoria Road comprises a main block with 44 bedrooms, a second block of 24 bedrooms (used as move-on from the main block and all accessed from the same entrance), and two three-bedroom shared houses all on the same site. It is proposed to improve facilities on the main block, modernise the accommodation and make the building less institutional. This will reduce the number of rooms to 33. The second block will be updated and a separate entrance formed so that there is a distinct separation from the main hostel and will be used as move on accommodation for people with low support needs from all of Cambridge not just from the main hostel. The three-bedroom houses will be converted to office accommodation and a resource centre for the move on accommodation.
- iii) This is a major development of the service and capital funding for the necessary building works has been obtained by the current provider from the Homes and Communities Agency (HCA). The current provider is also match funding from their own resources. The total cost of the works is estimated at £890,000.
- iv) The works to the property will not be carried out unless there is certainty of continuation of the contract. To proceed with a tender process now would result in delaying the start of works and the possible loss of the HCA funding, even if the current provider was successful. If not successful, there could be the loss of the HCA funding as this was awarded to the current provider. The current provider would also be unlikely to commit their own resources if unsuccessful as, without the service contract, they would not have the opportunity to recover their costs.
- v) This would result in a significant negative impact for the local community and neighbourhood management, particularly in terms of anti-social behaviour, drinking and rough sleeping which the new model is designed to manage more effectively.
- vi) Much work has taken place with the provider and partners to date to develop a new model that encompasses good practice, provides training and support into employment or education and is more manageable. New management, recruited during the latter part of 2011, is establishing community relationships and neighbourhood management skills in working with an often challenging client group. Due to the complexity of the client group, improvements can take some time to bed-in. All efforts made to date would be wasted if the service is tendered too soon.
- vii) The proposal is fully supported by the Councillor for one of the local Divisions directly impacted by the hostel, who takes an active involvement in the development of the service and positively encourages it. It also has

the support of the City Council officers and elected members and is an essential part of their housing strategy. The City Council is also a funder.

- viii) A new contract for 3 years, with up to 2 years' extension, will enable the changes to be effectively implemented, monitored and managed.
- ix) There is no case for tendering on economic grounds. In fact, doing so may increase costs. The cost of tendering will far outweigh the benefits of issuing a newly negotiated contract instead. The contract value has already been negotiated to achieve savings of 6%. We expect there to be further scope for savings when the changes to the accommodation and the services have been completed.
- x) The current provider is also the owner of the properties. If the service was tendered and won by a different provider, there is no guarantee that the accommodation would be made available. Securing alternative accommodation is likely to be an extremely lengthy process due to the time it takes to secure a suitable site and gain planning permission. Even if the accommodation is made available, some of the costs of providing it would become part of the contract payable by the County Council and hence would increase the current contract value. This has been proven in recent tendering by the County Council.
- xi) There are benefits to be gained in this instance, where the clients have high needs and chaotic lifestyles, in the same organisation being both the landlord and the support provider, in particular in ensuring a more seamless service for clients, but also in achieving economies and managing issues more promptly.
- xii) The service is a vital part of a more holistic approach to supporting vulnerable homeless people across the county. Significant developments are underway across the piece, particularly in Wisbech. Where appropriate contracts have and will be tendered, and in some cases decommissioned, but otherwise exemptions have been sought and granted. Another service in the City, Jimmy's Night Shelter, was similarly granted an exemption to enable improvements to its accommodation and the way that service is provided. The services for which exemption is currently being sought are critical to the success of the way the new assessment centre service at Jimmy's is provided.
- xiii) The proposed new service for the move-on block is a unique model and a significant improvement on how the service is currently provided. The emphasis of a key part of the service is on supporting people into employment; in effect it will operate as an adult Foyer. Supported move-on accommodation of this kind is severely lacking.
- xiv) The proposed approach assists a third sector organisation in delivering support and enabling independence to vulnerable residents with complex needs within the community by flexibly meeting these needs and empowering individuals to access and sustain settled accommodation.
- xv) Positive outcomes will be achieved for both clients and the local community if the development of the service is able to continue. The

service contributes significantly to health and social care outcomes and is linked into the chronically excluded adults MEAM (Making Every Adult Matter) project. The overall quality of the service will be improved by the capital investments and service remodelling work.

Service 2: Smaller hostel for homeless single people requiring market testing

- i) The contract value for this service for is £266,480 per annum provided by Riverside ECHG. There are 22 bedrooms.
- ii) This service is due to be retendered when the current contract expires at the end of March 2013. The current provider, who also owns the property, has stated that they are not willing to allow use of the property by another provider.
- iii) Therefore, for another provider to be able to compete, they will need to have secured alternative accommodation as well as being able to provide the service. This could take some time, particularly since the accommodation is required in the City and planning permission will also need to be sought for a service which may attract opposition.
- iv) It is therefore recommended that the existing contract be extended for two years to allow enough time for the market to be sufficiently tested. This will establish whether any other provider is in a position to compete or whether the contract can only be supplied by the current provider. During this time we will also review the fact that the current provider, as owner of the property, is refusing use of the property by an alternative provider. This will take into account the cost to the public purse already expended through grants to provide existing properties, and where the owner/provider has regulatory obligations to work within local housing strategies.
- v) The timescales proposed are based on recent experience of a similar situation.

Service 3: Move-on accommodation requiring market testing

- i) The contract value for this service for is £41,191 per annum provided by Riverside ECHG.
- ii) This service is due to be retendered when the current contract expires at the end of March 2013. The 7 shared houses forming this service, which supports 21 clients, are owned by someone other than the current service supplier. The landlord in this instance has indicated they are willing to continue to allow the accommodation to be used by another supplier.
- iii) However, before this work is in a position to be tendered it is necessary to enter into discussions around the lease arrangements and the finances of the service to ensure it is financially viable to be provided by another supplier. It is not clear how long this will take.
- iv) Extending the existing contract for 2 years as recommended above will ensure adequate flexibility for the necessary discussions to be entered into

as well as exploring alternative options for providing the service should it not be possible to achieve financial viability through the current model.

- v) The contract will be amended to enable the service to be tendered prior to the end of this extension if the market testing indicates that it is possible to do so.

- 1.9 Discussions have been held in relation to this work with LGSS Procurement and Legal services. The contracts would have a break clause should this be required due to a lack of available finances during the course of the contracts.

2.0 ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING

2.1 Supporting and protecting vulnerable people when they need it most

The following points set out details of implications identified by officers:

- i) People who use this service will be better enabled to maintain their independence.
- ii) The provider will be supported to develop a skilled and competent workforce able to meet the needs of vulnerable people.
- iii) The remodelled service will provide:
 - a focus on prevention and early intervention
 - safety and a secure environment
 - assistance in crises
 - support into employment, to get people back on their feet and protect them from harm
- iv) This service works with some of the most vulnerable people in the county

2.2 Helping people live healthy and independent lives in their communities

- i) The service will be more responsive to the needs of service users
- ii) It is based on a much more effective and modernised model of provision for this client group
- iii) The provider will provide a joined up resettlement pathway that will enable independence and prevent repeat homelessness
- iv) Health improvement will be at the heart of the new remodelled services

2.3 Developing the local economy for the benefit of all

- i) The Supporting People programme makes a significant contribution to the local economy by helping vulnerable people get back to work. Between August and October 2011 the programme helped 71 vulnerable individuals to access paid work across the county.
- ii) The service will provide training and employment opportunities through a variety of provisions, including a social enterprise.

2.4 Ways of Working

2.41 The following sets out implications identified by officers for:

- i) Being a genuinely local Council
- ii) Making sure the right services are provided in the right way – see particularly points in 1.3 and 1.8 above
- iii) Investing in prevention – as described above in 2.1
- iv) Working together – see particularly 1.7 and 3.5

3.0 SIGNIFICANT IMPLICATIONS

3.1 Resource and Performance Implications

The following points set out details of significant implications identified by officers:

- i) The proposed exemption for Service 1 is expected to improve the preventative services for vulnerable single homeless people.
- ii) The proposed exemption for Service 1 will attract significant capital (sourced from the Communities and Local Government and the provider RECHG) expenditure to a service revenue funded by the County Council and make economies in revenue costs compared with a tender process
- iii) The proposed exemption for Service 2 will allow for market intelligence and ensure that if market testing takes place through tendering that this is the most economic use of public funding
- iv) The proposed exemption for Service 3 will allow for negotiations over leases and costs for the existing accommodation and the exploration of possible cheaper alternatives.

3.2 Statutory, Risk and Legal Implications

LGSS Procurement and Legal Advice

3.3 In preparing this paper, the opinion of both the LGSS legal and procurement teams were sought, which are briefly outlined below.

3.3.1 The advice from the LGSS legal service is that the extension of these contracts beyond the term specified in the contract and notices published in accordance with the Public Contract Regulations 2006 does present a risk of challenge for damages from competitors of the current contractor. However this risk is being minimised by the proposals for market testing and in the opinion of the LGSS procurement team is that in this instance the proposal makes commercial sense, will ensure investment into the County to support vulnerable people and is very unlikely to be challenged.

3.4 Equality and Diversity Implications

There have been no significant implications identified by officers.

3.5 Engagement and Consultation

Consultation has taken place with the City Council, local Councillors, local residents, other sections of the County Council, the Homes and Communities Agency and clients of the service. These have been positive in that there is an acceptance that there is a need to provide the services in the main hostel and that the proposed changes will mitigate as far as possible the problems that have occurred in the past. The reduction in the size and the more intense management of people using the service should both help in preventing any nuisance to neighbours and give better outcomes for the users.

Source Documents	Location
Contract paperwork for the above service – this contains commercially sensitive business exempt information which is not to be disclosed to the public	Procurement (Adult Social Care and Supporting People), Room C207, Castle Court, Shire Hall, Cambridge.