

EXEMPTION FROM CONTRACT REGULATIONS FOR SUPPORT FOR SINGLE HOMELESS PEOPLE IN WISBECH

To: **Cabinet**

Date: **4th March 2014**

From: **Executive Director: Children, Families and Adults**

Electoral division(s): **Roman Bank and Peckover, Wisbech South and Wisbech North**

Forward Plan ref: **N/a**

Key decision: **No**

Purpose: **To set out the reasons for a request to approve an exemption from Contract Regulations, allowing a contract to be renegotiated with the current supplier rather than be put out to tender.**

Recommendation: **Cabinet is recommended to approve exemption from Contract Regulations for a contract providing supported accommodation for single people in Wisbech for a period of two years.**

<i>Officer contacts:</i>		<i>Member contact:</i>	
Name:	Des Kelly Kim Dodd	Name:	Councillor Fred Yeulett
Post:	Service Development Manager (Housing Related Support) Head of Mental Health	Portfolio:	Cabinet Member for Adult Services
Email:	Desmond.Kelly@cambridgeshire.gov.uk Kim.Dodd@cambridgeshire.gov.uk	Email:	Fred.Yeulett@cambridgeshire.gov.uk
Tel:	01223 714565 01223 729057	Tel:	01223 699173

1. BACKGROUND

- 1.1 The Ferry Project is a charity within the Luminus Group (the Registered Social Landlord, often known as a Housing Association). The Project is based in Wisbech.
- 1.2 The Project started in 1998 to help single homeless people initially in a couple of houses. It has developed into a much larger scheme occupying a former hotel on the South Brink in Wisbech. The Project provides not only support for single homeless people but also a community hub including a café and shops, and acts as a base for Luminus in Wisbech along with some of their back office work and their 24-hour call centre.
- 1.3 The Ferry Project provides an assessment centre for homeless single people (both men and women). There are 24 bed spaces in the assessment centre. There is also move-on accommodation with continued lower level support consisting of 16 flats. The aim of the Ferry Project is to assist people who have become homeless and have associated problems such as unemployment and substance abuse. In the short term, the aim is to stabilise their lives and assess needs, with the long term aim of their being able gain employment and manage their own tenancies.
- 1.4 The support provided includes encouraging engagement in educational services and volunteering to develop employment skills. Opportunities to be involved in maintenance work with the Luminus staff based at the Project are also available.
- 1.5 The Ferry Project has been supported through the Supported People Programme, funded from the Council, and the contract has been extended previously by Cabinet. The previous reasons for the extension still apply and there are other developments in benefit regulations to be taken into consideration.

2. MAIN ISSUES

- 2.1 The contract is due to end on 31st March 2014. Within the contract there are two services, one for support at the Ferry Project in its base on the South Brink and another for move-on accommodation in Wisbech. A two-year exemption is being requested whilst work is carried out with LGSS Procurement Team to see whether the service could be tendered. The nature of the scheme may mean this is not possible; however options will be considered so the Council will comply with Procurement Regulations.
- 2.2 The funding provided by this contract is for only part of the services that are provided. The Ferry Project itself, through enhanced rents for residents, cross subsidies and social enterprise activities provides more than could be provided by the Council funding alone. The whole Ferry Project is operated as one integrated service with the Council funding being one funding stream.
- 2.3 The integrated nature of the service and funding mean that if the contract were to be tendered the TUPE implications are such that any incoming provider could have to take on potential staff costs 25% higher than the current budget on basic salaries alone. In addition to there would be on costs associated with employing staff and managing them such as management time, training, office accommodation, telephones transport etc. It is unlikely

that this would prove to be a commercial proposition.

- 2.4 A second factor would be the potential loss of an integrated service where the current provider supplies other services over and above the basic service funded by the Council. This includes support for an additional 18 people, which although funded separately by the provider, is reliant on the continuation of the whole Project which provides that service with support.
- 2.5 A third factor which has become relevant since the last request for an exemption is changes in the benefit rules. Universal Credit, which is scheduled to be introduced in stages across the country over the next couple of years, will mean that the rules about what can be claimed by residents of hostels are likely to change. Currently they are classed as “exempt accommodation,” as the provider of the support and the landlord are the same. This allows considerable additional amounts of rent and service charges to be eligible for housing benefit. Without these additional amounts the viability of the service could be threatened.
- 2.6 If another provider were to provide the service the residents may not be eligible to claim these benefits. It is not clear when the rules will change locally but pilots have been carried out in parts of the country. Although this has been raised with ministers, particularly due to its impact on women’s refuges, there appear to be no changes in prospect. This has been raised with Fenland District Council (they are responsible for the payment of benefits) who have confirmed the position that under the existing regulations they will continue to pay the Benefit.
- 2.7 Due to the circumstances any tender exercise is unlikely to be attractive as a result of the uncertainty and financial risks involved. It could also be an enormous disruption to the service, with a loss of face to face contact for vulnerable people with the possibility of the service becoming unviable.
- 2.8 The current County Council funding of the project totals £202,484 per annum. The supplier recognises that there are considerable constraints on the Council’s finances and is prepared to aim to reduce the overall budget in line with budget reduction of 11% requested for next year, and to look to further reductions in future years if necessary. The requirement for the level of future funding will be monitored by an open book process.

3. ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING

3.1 Developing the local economy for the benefit of all

The Project provides housing and support for people enabling them to get into training and employment meaning they are contribution to the local economy

3.2 Helping people live healthy and independent lives

The Project helps people who are homeless and often leading unhealthy lifestyles to address their problems improve their health and lead to independent living.

3.3 Supporting and protecting vulnerable people

The Project supports people who would either be living rough or in unsuitable accommodation. It supports and protects them during their most vulnerable periods aiming to help them to manage to live independently and support themselves.

3.4 Ways of working

This Project provides vital support at a community level for vulnerable local people.

4. **SIGNIFICANT IMPLICATIONS**

4.1 Resource and Performance Implications

The contract is a significant cost to the Council. As part of the monitoring of value for money it will be benchmarked across other services for homeless people. All of these services will be reviewed to ascertain the impact they have on preventative savings to the Council and others such as the NHS CCG groups and the District Council. This work is important in consideration of future funding from the Council and what other funding streams should support the Project.

4.2 Statutory, Risk and Legal Implications

4.2.1 This contract comes under Part B of the European Procurement Regulations and therefore does not require the stringent application of those regulations. However the principles of competition, transparency and equality in procuring should be applied. The Council's Procurement Category Manager has agreed that the particular circumstances of this contract justify an exemption from Contract Regulations.

4.2.2 Legal advice is that in any case where a contractual arrangement is extended, there is a risk of a procurement challenge which should be taken into account in determining whether to grant the requested exemption.

5. **EQUALITY AND DIVERSITY IMPLICATIONS**

5.1 There are no equality and diversity implications.

6. **ENGAGEMENT AND CONSULTATION IMPLICATIONS**

6.1 There are no engagement and diversity implications in that it is not proposed to change the service. Fenland District Council has been consulted (at officer level) and strongly supports the continued support to the project.

7. PUBLIC HEALTH IMPLICATIONS

- 7.1 The Project directly helps many people with health needs. By providing accommodation and a secure environment this give the opportunity to address health needs. This may be just attendance at GPs or working on more serious health needs such as substance abuse. Generally the people being assisted are some of those with the highest health needs.

Source Documents	Location
Contract paperwork for the service	Procurement (Adult Social Care) Room C207 Castle Court Shire Hall Cambridge