

Report title: Preventing Homelessness Services Contract Extensions

Wards affected: City wide

Strategic Director: John Readman

Report Author: Tom Rhodes

RECOMMENDATION for the Mayor's approval:

To approve the extension of contracts with external providers for the provision of high support preventing homelessness accommodation services to 31st March 2017, on existing terms and conditions. The specific services to be extended consist of seven contracts with six different providers and a total annual cost of £4,243,447.

Key background / detail:

1. Bristol City Council has commissioned a homelessness pathway to help people recover from homelessness and move onto settled sustainable accommodation. This pathway consists of varying levels of support, each of which was commissioned (either via a competitive tender or by granting a waiver to this process) at different times. Consequently the contracts end at different times throughout the next two years.
2. The first stage of the homelessness pathway is 'high support' which provides accommodation and support to people who have recently experienced a homelessness crisis. These services are currently working well, with around 75% of people leaving in a planned way onto longer term accommodation (compared to around 55% several years ago).
3. Demand for these services is increasingly outstripping supply as evidenced by increasing numbers of people sleeping rough and using emergency accommodation.
4. Extending these contracts on current terms until 31st March 2017 will take the services to the end of the current Medium Term Financial Plan (MTFP) period and allow for future commissioning as funding, demand and the council's strategic direction become clear.

BRISTOL CITY COUNCIL CABINET

4th August 2015

REPORT TITLE: Preventing Homelessness Services Contract Extensions

Ward(s) affected by this report: City wide

Strategic Director: John Readman, People

Report author: Tom Rhodes, Commissioning Officer

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Purpose of the report:

Bristol City Council funds a number of preventing homelessness accommodation services (supported housing and hostels) to help people recover from homelessness. These services are provided by external organisations and the contracts end during the financial years 2015/16 and 2016/17. The proposal is that the contracts be extended until the end of the Medium Term Financial Plan period – until 31st March 2017.

RECOMMENDATION for the Mayor's approval:

To approve the extension of contracts with external providers for the provision of high support preventing homelessness accommodation services to 31st March 2017, on existing terms and conditions. The specific services to be extended consist of seven contracts with six different providers and a total annual cost of £4,243,447, as set out in Table 1.

The proposal:

1. In the period since 2012, all of the preventing homelessness services that are funded by Bristol City Council have been procured following the council's Enabling Commissioning Framework. Prior to this, the services had been developed through a variety of routes and funding sources and had never been commissioned as a set of coherent and inter-linked services with outcomes. The procurement has led to the creation of a homelessness pathway for homeless adults that supports people from homelessness crisis through to settled and sustainable accommodation.
2. Clear performance indicators and targets have been set for these services - these include targets for at least three quarters of those leaving the service to successfully move on into lower support accommodation or independent living. Providers are now also asked to focus on, and evidence, the longer-term success of their customers to sustain tenancies and avoid a future

homelessness crisis.

3. There are several stages in the homelessness pathway and separate provision for families and people with dependent children (see appendix 1- supported accommodation pathway diagram). The commissioned preventing homelessness services and pathway concept fully aligns with the Mayor's Plan key driver to create a 'Healthy and Caring Bristol' and with the Preventing Homelessness Strategy objectives - to reduce homelessness, especially: prevent crisis homelessness; youth homelessness; and repeat homelessness.
4. The first homelessness prevention services to be commissioned were the high support services, which provide accommodation and a high level of support to people in a homelessness crisis. They offer a short term (approximately four months) support to people who need this high level of support to address the issues that may have contributed to their homelessness. The high support services work with people in different circumstances, including former rough sleepers, people exiting sex work, people with addictions, mental ill health, and offending history or complex trauma. Following this period of stabilisation, people will most likely be referred to a lower support service further down the pathway before leaving supported housing to more independent accommodation (with or without floating support).
5. The commissioning plan for these services proposed 3 year contracts with the option to extend for up to a further two years. The services were competitively tendered and contracts were awarded to the organisations that submitted the best bids (accounting for both quality and price). There were two exceptions to this process at the two largest hostels, where a waiver from the usual procurement process was granted on the grounds that the incumbent provider (also the landlord of the premises) could provide better value for money than could be achieved via a tender. As a result of these processes, the council now has the contracts in the following table in place for the provision of high support preventing homelessness accommodation. Some of the contracts have provided for the option to extend, but not all. Given this and the amount to be spent, the decision to extend needs to be taken by Cabinet:

Table 1:

Service name	Number of units	Cost pa	Contract expiry	Provider organisation	Landlord organisation(s)	Option to extend contract?
St George's House and Bristol Foyer	76	£785,000	May 2016	1625 Independent People	Knightstone and Stonewater Housing	Yes, until (at the latest) 31 st May 2018
Logos House	84	£607,770	December 2015	The Salvation Army	The Salvation Army	None included, the contract was granted short term as part of a waiver
Jamaica Street	56	£418,445	December 2015	Riverside ECHG	Riverside ECHG	Yes, until (at the latest) 9 th December 2017
Complex needs service	39	£540,000	December 2015	Second Step	Knightstone and Solon	Yes, until (at the latest) 9 th December 2017
Complex needs service	39	£509,045	November 2016	Places for People	Places for People and Home Group	Yes, until (at the latest) 25 th November

						2018
Complex needs service	42	£549,853	December 2015	St Mungo's	Sanctuary, Riverside ECHG and Solon	Yes, until (at the latest) 9 th December 2017
Complex needs women's service	42	£833,334	December 2015	St Mungo's	Knightstone, Alabare and Places for People	Yes, until (at the latest) 9 th December 2017
Total	378	£4,243,447				

6. The contract granted to the Salvation Army for Logos House following the waiver process was initially for one year with the option to extend for a further year, conditional upon some capital works being completed at Logos House. These have now been completed and the service is performing well. Because of the nature of the current contract with the Salvation Army which was granted for one year with the option to extend for a further year, to extend this contract until 31st March 2017 may risk a challenge from another provider. This is considered to be a low risk, outweighed by the benefits of extending to bring the contract in line with the others.
7. People access these services having been referred either by council officers or by the rough sleeping outreach team, and the services are vital in meeting the council's statutory duties to homeless households and in tackling rough sleeping.
8. The recommendation in this report is to extend these contracts until the end of the Medium Term Financial Plan period – to 31st March 2017 – on existing terms and conditions. The reasons for this recommendation are as follows:
 - a. The high support preventing homelessness services are performing better now than they have ever done, and most services are consistently hitting the 75% planned departure target (i.e. 75% of residents must be helped to move on successfully into longer term accommodation). In 2010-11, before the services were tendered, the equivalent figure was 55%.
 - b. Demand for these services continues to outpace supply as homelessness increases because of various factors including welfare reform and the shortage of affordable housing in the city. Rough sleeping, statutory homelessness acceptances and placements into spot purchased emergency accommodation continue to rise.
 - c. Some of the services are provided by a different organisation to the landlord of the scheme, and the provider occupies the premises either under a lease or a management agreement. Where this is the case, the landlord organisation has agreed to the extension of contracts in their premises to 31st March 2017. The extension has also been agreed in principle by the Preventing Homelessness Board.
 - d. Following the Enabling Commissioning Framework and making decisions relating to future homelessness prevention takes time. Extending these contracts allows for a process to be followed to determine the future of preventing homelessness services in Bristol once there is more certainty about funding. It also enables the

recommissioning to align with any change in strategic direction following the mayoral election and budget setting. Currently different services end at different times (see the table at para. 2); standardising the end date will allow the whole of the high support services to be considered together in any future commissioning.

- e. There is a regular and established performance management process in place between providers and the council's Housing Policy and Contracts Team. This process aims for continuous improvement of services and this will continue during the extension period.
9. It should be noted that demand for homelessness prevention services is rising and the level of rough sleeping and waiting lists for this high support accommodation is increasing. This issue is considered in the risk management / assessment set out below. However it is not proposed at this stage that the high support provision should increase. Current blockages are around clients being able to move on through the pathway – and critically the level of affordable accommodation available to enable move out into sustainable settled accommodation. These issues are highlighted in the PHS and an action plan is being finalised on how to address these issues.

Consultation and scrutiny input:

a. Internal consultation:

There has been consultation via the Preventing Homelessness Board with colleagues in Children's Services, Adult Care and the Substance Misuse Team.

b. External consultation:

Consultation has been carried out via the Preventing Homelessness Board with voluntary sector representatives of the Bristol Supported Housing Forum and with Probation Services. There has also been consultation with the landlord of individual hostels and supported housing schemes.

Other options considered:

1. Following the Enabling Commissioning Framework to commission these services so that newly commissioned services are in place from the end date of the current contracts. This was not pursued because there is no certainty about the level of budget that will be available and therefore making commissioning decisions has been very difficult. More certainty is anticipated following the mayoral election and the setting of future budgets.
2. Decommissioning the current services. This was not pursued because there is a great deal of demand for these services which, for many clients, meet a statutory obligation and help to prevent homelessness and rough sleeping. Were the services not in place, all forms of homelessness including statutory acceptances and rough sleeping would increase.

Risk management / assessment:

Table 2:

The risks associated with the implementation of the <i>(subject)</i> decision :							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK		RISK CONTROL MEASURES Mitigation (i.e. controls) and Evaluation (i.e. effectiveness of mitigation).	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
		Impact	Probability		Impact	Probability	
1	Not giving an inflationary uplift equates to a cut in the service. Although no inflationary uplift was granted throughout the contract, organisations may have planned for this by reserving some money from year one to be used in year three. This means that the service will not be maintained at the current level.	High	High	To provide a 3% year on year uplift from year 2 would cost around £250,000 which is not affordable in the current budget. There will need to be robust planning for a reduction in the service in the remaining period up until the extensions, in order to minimise the impact.	Medium	High	Tom Rhodes
2	Not increasing the services available to homeless people at a time when demand is rising will lead to further increased homelessness, increased rough sleeping and increased use of emergency accommodation.	High	High	Continued close liaison with providers of services to ensure that they are meeting targets and that the rough sleeping outreach team can refer into services. Look at ways to increase services available through variation to contracts and use of reserves if demand continues to outstrip supply.	Medium – if reserves are used	High	Tom Rhodes / Hywel Caddy
3	Extending the Logos House contract beyond the terms of the original contract extension period carries a risk to the council's procurement process by another provider.	Medium	Low	Communication with the Salvation Army and with other providers in the city to explain the motivations for extending this contract.	Medium	Low	Tom Rhodes

Table 3:

The risks associated with <u>not</u> implementing the <i>(subject)</i> decision:							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK		RISK CONTROL MEASURES Mitigation (i.e. controls) and Evaluation (i.e. effectiveness of mitigation).	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
		Impact	Probability		Impact	Probability	
1	Contracts will expire and without an extension or new contracts in place there will be no high support preventing homelessness accommodation causing significant expenditure on emergency accommodation and significantly increased rough sleeping.	High	High	None.	High	High	
2	There would be a loss of local expertise as organisations and staff working in homelessness in Bristol would lose their contracts.	Medium	High	None.	Medium	High	

Public sector equality duties:

As part of the original tender process an extensive equalities impact assessment process was undertaken. The specification included the need to improve provision for homeless people who are LGB and disabled people with physical access needs, in addition to requiring specific skills around homeless women, BME people and people with mental

health issues and complex needs. The tender process included checking equality policies and reference to the providers' ability to work effectively to meet the needs of people with protected characteristics who are homeless. Subsequent homelessness commissioning processes have included commissioning women only services and services which have specialisms for people with complex needs including mental health issues. Therefore these contracts are part of a pathway which is explicit about meeting specific needs within generic services as well as providing specific services for people with protected characteristics. The commissioners conduct six monthly performance management meetings with providers and providers present analysis of access, refusal and outcome by protected characteristic at those meetings, and to have a plan in place about how they can improve their practice.

Advice given by Anne James, Equalities and Community Cohesion Team Leader
Date 17th June

Eco impact assessment

The significant impacts of this proposal are....

During service delivery High Support Service Providers and service users will:

- Consume electricity, gas, water, food, non-renewable materials and transport fuel
- Produce waste

It should be noted that existing provision of High Support Services also has similar impacts.

The proposals include the following measures to mitigate the impacts...

Reducing the number of overall bed spaces should indirectly lead to a reduction in some of the impacts such as energy used for heating and lighting.

The procurement process and ongoing contract management will ensure that wherever possible High Support Service Providers take active steps to:

- Reduce their own operational impacts
- Reduce the transport impacts of staff
- Report their progress in these areas

The net effects of the proposals are....

Although difficult to quantify at this stage, it is anticipated that the environmental impact of High Support Service Providers and service users will be reduced as a result of the mitigation measures that are included as part of this proposal.

Advice given by Clare Craner-Buckley, Environmental Project Manager
Date 17th June 2015

Resource and legal implications:

a. Financial (revenue) implications:

Members are asked to extend seven contracts with its Providers which provide the prevention of homelessness accommodation services (supported housing and hostels)

currently estimated at £4.243m in 2015/16 and 2016/17. This is to enable the alignment of these contracts with the ending of the current council's MTFP financial strategies. The estimated costs compared with that of 2014/15 expenditure with these six providers (i.e. seven contracts) detailed at Table 1 above.

The above proposals, if agreed will save the council the costs of retendering these contacts and the inflation costs which may arise currently estimated at circa 2% annually if these contracts are retendered.

There is currently a budgetary provision in 2015/16 of £8.45m (£8.741m in 2014/15) for high level homeless service contract within the People Directorate (Housing Solutions Commissioning cost centre) from which the above proposals can be met.

However, Members should be aware that agreeing the proposals above will also form a pre-emption against 2016/17 budgets.

Advice given by: Christie Fasanloye, Finance Business Partner (People)

Date: 25th June 2015

b. Financial (capital) implications:

There are no specific capital financial implications contained within this report.

Advice given by: Christie Fasanloye, Finance Business Partner (People)

Date: 25th June 2015

Comments from the Corporate Capital Programme Board:

None

c. Legal implications:

On this basis of the information below, it is Legal Services' view that there is scope to justify a short-term contract for the specific purpose of bringing the expiry of all the council's contracts for similar services to the same date, in order to follow a comprehensive, longer-term procurement process in the near future.

In the circumstances set out in this report, either the Public Contracts Regulations 2006 (PCR 2006) or Public Contracts Regulations 2015 (PCR 2015) will apply.

It is arguable that the PCR 2006 applies to these contracts because they were originally procured under the PCR 2006. That being the case (in particular for those contracts with extension periods) a re-procurement process will not be required – because the services fell within “Part B” of PCR 2006 (including social services) and/or because the extension periods to those contracts were part of the original procurement process.

It is equally arguable that PCR 2015 applies. Contracts which fall within Schedule 3 of PCR 2015 (which include “other community, social and personal services”) with total value of more than the threshold of £625,000 fall under the “Light Touch Regime” of the PCR 2015. As such, a procurement process is envisaged but which is less onerous than a full procurement process required for other forms of public contract. Subject to compliance with the EU Treaty principles authorities have the flexibility to use any procurement process or

procedure they choose.

In relation to “Social and Other Specific Services” (Schedule 3 services) which is applicable in this case, the PCR 2015 allows a contracting authority to determine the procedure having regard to “*the specificities of the services in question*”. “Specificities” is undefined. This could include the services themselves and the surrounding circumstances of the need to rationalise and co-ordinate the contracts for these services and their expiry dates.

Advice given by Jane Johnson, Solicitor
Date 8 July 2015

d. Land / property implications:

None

e. Human resources implications:

Currently, the services we are seeking to extend the contracts for are provided by external organisations, and therefore, there will be no impact on Bristol City Council employees by extending the current service provision.

Advice given by Lorna Laing, People Business Partner
Date 16 June 2015

Appendices:

Appendix 1: Supported accommodation pathway diagram

Access to information (background papers):

Eco Impact Assessment

SUPPORTED ACCOMMODATION PATHWAY

Vulnerable single homeless

Rough Sleepers

Homeless young parents /families

16/17 yrs or
leaving care

Outreach
service

Referral onto Housing Support Register through Customer Service Points or approved referral teams or external agencies

High Support Accommodation – includes women-only and men-only provision and hostels for young people
377 units - includes former direct access hostels

Medium support accommodation
89 units
61 Generic Units/28 Women Only Units

Lower support accommodation
And linked resettlement support
553 units

Young parent
Includes integrated floating support service.
And linked resettlement
36 units

Family hostels and dispersed accommodation
And linked resettlement support
78 units

Youth Projects and Supported Lodgings
37 units

POSTIVE OUTCOMES:

- Living independently in settled accommodation (could be in private or social rented sector or moved back to family)
- Build resilience and minimise repeat homelessness