



**Executive
26th May 2009**

**Report from the Director of
Housing and Community Care**

Wards Affected:
None

Authority to re-negotiate existing housing support contracts for offenders and people with drug and/or alcohol issues and seek exemption from tendering.

Forward Plan Ref: H&CC-08/09-37

1.0 Summary

- 1.1 This report seeks an exemption from the tendering requirements of Standing Orders in relation to some contracts for services for Offenders and people with Drug and Alcohol problems, in accordance with Contract Standing Order 84. It then seeks approval to deliver the services by re-negotiating contracts with the existing providers.
- 1.2 The Executive meeting in September 2008 agreed to give approval for pre-tender considerations and criteria to be used to evaluate tenders for five framework agreements for housing support services, including services for offenders and people with drug and alcohol issues. The Executive is now asked to consider a different approach with regard to these contracts, as set out in this report.
- 1.3 The Strategic Reviews of services for both client groups which formally reported in November 2008 to the Supporting People Commissioning Body demonstrated that the existing services were providing good value for money, performed well on performance indicators and outcome measures and were highly strategically relevant, supporting both local and national priorities and commissioning strategies.
- 1.4 The overall contract values for these services are reasonably low in comparison to services for other Supporting People client groups. Given the

current reduced budget for the Supporting People programme and the significant efficiency savings required annually, the cost of a full re-tendering exercise is prohibitively high and any further potential efficiency gains are very limited as the services have had no inflationary uplift in recent years.

- 1.5 The findings from both Reviews evidenced high quality services that provided good value for money, and that were also able to demonstrate added value from the particular skills and expertise available within the organisations in working with vulnerable people with particular specialist needs.
- 1.6 The Core Strategy Group and strategic Commissioning Body partners, in particular Probation and NHS Brent, supports the position set out in this report and the proposed recommendations.

2.0 Recommendations

- 2.1 The Executive to approve an exemption from the tendering requirements of Standing Orders in relation to all the offender and drug and alcohol services funded by Supporting People, in accordance with Contract Standing Order 84.
- 2.2 The Executive to give approval to a re-negotiation of the existing Supporting People contracts for Offenders and people with Drug and Alcohol issues, as listed in sections 4 and 5 of the report to allow new contracts to be awarded from 1st January 2010 until 31st December 2012.
- 2.3 Executive to receive a further report on the results of the re-negotiation exercise and to consider whether new contracts should be awarded to the organisations listed in sections 4 and 5 of the report as a result of that renegotiation exercise.
- 2.4 Should the Executive not support the recommendation set out in 2.1 and 2.2 above, it is requested that a further 12 month extension to the existing contracts be granted to allow sufficient time for a tender exercise to be undertaken. This extension would take the existing contracts up to 31st December 2010.

3.0 Background – Supporting People

- 3.1 The Supporting People (SP) programme is a national programme to commission the provision of housing-related support for vulnerable people to help gain, increase or maintain their independence. Supporting People funds the provision of 'floating support services' (support to service users in their own home where the Support Worker moves to support someone else when support is no longer needed), and 'accommodation based services' (support tied to accommodation where the client living in a hostel or supported housing scheme receives support as a condition of occupation).
- 3.2 The Supporting People programme commenced in April 2003, with the grant funding for the programme in Brent standing at £12.8 million for 2009/10.

- 3.3 Members will recall that at their meeting in May 2007, they approved the Supporting People Commissioning Framework setting out a procurement programme for SP services over a five-year period. This involved the completion of a Strategic Review of groups of services according to client group to inform future procurement, commissioning and tendering of SP services.
- 3.4 The Executive meeting in September 2008 agreed to give approval for pre-tender considerations and criteria to be used to evaluate tenders for five framework agreements for housing support services, including services for offenders and people with drug and alcohol issues. The Executive is now asked to consider a different approach with regard to these contracts, as set out in this report. This is following the conclusions of a Strategic Review of services for both client groups.
- 3.5 At the end of 2007 the decision was taken to complete a Strategic Review of services for Offenders and people with Drug and Alcohol issues. The SP Strategic Review of both services has been completed and reported to the Supporting People Commissioning Body in November 2008. This Strategic Review was completed after the Executive report of September 2008 which had sought approval to tender these contracts. The Commissioning Body supported the recommendation in the Strategic Review that these services not be tendered in accordance with Contract Standing Order 84, on the grounds that these are very specialist organisations with particular expertise in the field, and to this end would very likely be the only organisations to tender for the existing contracts should an exercise be required. Further detail of the basis for this recommendation is set out in section 7 below.

4.0 **Current pattern of SP funded provision of housing support for Offenders**

- The SP grant spent on specialist Offender housing support services is £480K per year (2008/09), or about 3.7% of the annual SP budget
- The number of services users funded for support is 65, with thirty five people receiving accommodation-based support and the remaining thirty in receipt of floating support services
- Existing services are provided by organisations with specialist knowledge and expertise of working with this particular client group

- 4.1 The Supporting People contract start and end dates for Offender services currently in place is detailed below:

Contract Name	Service Type	Contract Start date	Contract End date
Hestia	Accommodation	10.01.07	31.12.09
St Mungo's	Accommodation	01.01.07	31.12.09
St Mungo's	Floating Support	01.05.07	31.12.09.

4.2 The Supporting People contracts for Offender services currently in place for the financial year 2008/09 for the provision of housing support is listed below:

Contract Name	Service Type	Capacity (Users)	Contract Price (08/09) £000
Hestia	Accommodation	28*	331*
St Mungo's	Accommodation	7	57
St Mungo's	Floating Support	30	92*
Sub Total	All services	65	480

* The Hestia schemes have been remodelled to provide support for high risk Offenders: this has reduced the numbers of units available and resulted in an increase in budget to cover increased staffing costs required for this particular client group.

* The St Mungo's scheme budget has been reduced as one of the posts now sits within the START Plus team with Housing and Community Care.

5.0 Current pattern of SP funded provision of housing support for people with Drug and Alcohol issues

- The SP grant spent on specialist Drug and Alcohol housing support services is £279K per year (2008/09), or about 2.2% of the annual SP budget
- The number of services users funded for support is 100, with twenty nine people receiving accommodation-based support and the remaining seventy one in receipt of floating support services
- Existing services are provided by organisations with specialist knowledge and expertise of working with this particular client group

5.1 The Supporting People contract start and end dates for Drug and Alcohol services currently in place is detailed below:

Contract Name	Service Type	Contract Start date	Contract End date
CHC	Accommodation	26.10.06	31.12.09
St Mungo's	Accommodation	01.04.07	31.12.09
CHC	Floating Support	01.04.07	31.12.09
PCHA	Floating Support	01.04.07	31.12.09

5.2 The Supporting People contracts for Drug and Alcohol services currently in Place for the financial year 2008/09 for the provision of housing support is listed below:

Contract Name	Service Type	Capacity (Users)	Contract Price (£000) (08/09) £000
CHC	Accommodation	6	55
St Mungo's	Accommodation	23	94
CHC	Floating Support	21	34
PCHA	Floating Support	50*	96
Sub Total	All services	100	279

* This service has increased with additional funding provided by the Drug and Alcohol Action team (DAAT).

6.0 Strategic Reviews of Supporting People services for Offenders and people with Drug and Alcohol issues

6.1 The findings from the Reviews evidenced high quality services that provided good value for money, and that were also able to demonstrate added value from the particular skills and expertise available within the organisations in working with vulnerable people with particular specialist needs.

6.2 The Strategic Review of both Offender services and Drug and Alcohol services demonstrated that these services operate in a very specialist and limited market, such that the current providers are very likely to be the only ones who would tender for future services if such an exercise was undertaken.

7.0 Justification for exemption from tendering and for negotiating with the current providers

7.1 The Strategic Reviews of services for both client groups which formally reported in November 2008 to the Supporting People Commissioning Body demonstrated that the existing services were providing good value for money, performed well on performance indicators and outcome measures and were highly strategically relevant, supporting both local and national priorities and commissioning strategies.

7.2 The overall contract values for these services are reasonably low in comparison to services for other Supporting People client groups and when compared to the costs of other similar services provided in other west London Authorities as detailed by Benchmarked comparisons (for 2006/07 – these being the latest collated figures).

A review of the figures shows that the mean hourly cost of housing related support services (across West London Sub-region) for people with alcohol, drug or offending issues is £23.73 per hour. By comparison the hourly cost of services to these client group in Brent is £22.91 per hour . Given the current reduced budget for the Supporting People programme and the significant efficiency savings required annually, the cost of a full re-tendering exercise is prohibitively high and any further potential efficiency gains are very limited. The services have had no inflationary uplift in recent years and compare well to peer services in other west London boroughs (details on the comparators and benchmarks can be provided on request by the Supporting People Team).

7.3 The Core Strategy Group and strategic Commissioning Body partners, in particular Probation and NHS Brent, supports the position set out in this report and the proposed recommendations.

7.4 It would be possible to simply extend the current contracts on the same terms. However what is being proposed is a renegotiation exercise. To support this, criteria for contract negotiations would be developed and the same robust principles would be applied in the same way as if the contracts were to be subject to re-tendering. This would detail how the contract negotiation price was determined and focus on issues of quality, value for money and outcomes. The final negotiations would be reported back to the Executive for award of contracts from 1st January 2010.

8.0 Financial Implications

8.1 The Supporting People Grant is a budget of £12.8 million per year which funds housing support provided by a range of agencies in Brent.

8.2 Contract negotiations for these services would ensure that the any future agreed contract sum is equal to or less than the current contract price, and that the services would continue to be funded within the existing Supporting People budget.

8.3 There are no additional financial implications arising from the recommendations set out in this paper.

9.0 Legal Implications

9.1 The report recommends that an exemption from tendering all the Supporting People Services for the client groups, drug and alcohol users and Offenders, should be exempt from the normal requirements of tendering set out in Contract Standing Orders.

9.2 The ability for the Executive to grant an exemption from tendering requirements is in Contract Standing Order 84, and this requires that the Executive can only grant the exemption where there are good operational and financial reasons for doing so. The Executive therefore needs to consider whether the grounds in section 7 constitute good operational and financial

reasons for not tendering. Normally the fact that service providers are performing well is not sufficient to replace the requirement for tendering. Although the report includes start and end dates for the current contracts it is not clear whether in fact some of those providers have been contracted to the Council since the establishment of Supporting People in April 2003 and even before. Members also need to consider whether the evidence of benchmarking of prices is sufficient.

9.3 In considering the recommendations in this report Members also need to be satisfied that the proposed course of action will deliver best value for the Council, though bearing in mind that it is proposed that this matter is returned to the Executive at the conclusion of the negotiations for award of contract. One of the clearest ways of demonstrating best value is through periodic tendering of contracts. The recommendation is that these contracts be renegotiated to 2012 at which point a tendering exercise can be reconsidered

9.4 These services are Part B services under the Public Contracts Regulations 2006 (the EU Regulations) and are thus exempt from the full tendering requirements of the EU Regulations. However award of a Part B contract is subject to over-riding obligations of fairness and transparency and there is certainly EU case law to suggest that even part B contracts should be subject to some form of advertised process. However this is subject to an analysis of the nature of the service and whether there is likely to be cross-Europe interest. This is unlikely with most social services contracts, and so the risk of a challenge is considered low.

9.0 Diversity Implications

9.1 Contracts currently require providers of housing support services to deliver services which are:

- culturally sensitive by providing cultural awareness training for all staff, matching specific language requirements where possible and recruiting a local workforce which reflects the communities of Brent;
- able to offer service users a male or female Support Worker is specifically requested
- Partnering arrangements with local community groups and specialist providers is encouraged

Contracts will continue to require providers to deliver services in this way.

10.0 Extension of contracts

10.1 Paragraphs 5.1 and 6.1 set out the contract expiry dates for the existing services for Offenders and people with Drug and Alcohol issues. The Executive Report from September 2008 noted that the contracts are due to expire in December 2009.

10.2 Following conclusion of the strategic reviews of these services in November

2008, it was expected that the options for future procurement would have been agreed with Executive approval at this point. However, as the recommendation that these services not be tendered in accordance with Contract Standing Order 84 was a new consideration for Supporting People contracts, as such this matter has taken longer to resolve than anticipated to ensure compliance with Legal requirements and procurement regulations.

- 10.3 Following negotiation on the contracts on new revised terms to improve value for money, quality and improved outcomes, a contract expiry date of December 2012 would enable this work to have fully embedded and the Council to see evidence from the approach undertaken.

11.0 Monitoring

- 11.1 Supporting People services are monitored by the Supporting People Unit. The current providers are required to submit quarterly monitoring data on their performance to the Supporting People Team and attend regular meetings for this. Additionally, the Supporting People team also conduct an annual Quality Assessment Framework review of the service.

- 11.2 It is proposed that the future monitoring of contracts will be more service user centred, outcome focussed and assess how services are meeting good quality service standards within the resources available. Annual service user satisfaction surveys will also be carried out. Providers will be required to submit regular monitoring data to inform the National Performance Indicator data set. All monitoring will be carried out by the Supporting People team and will also draw on stakeholder feedback.

Background Papers

Supporting People Grant Conditions (CLG)
Brent Supporting People Strategy 2005/10
Strategic Review of Offender services (November 2008)
Strategic Review of Drug and Alcohol services (November 2008)

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