



**Executive
16 November 2009**

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

Wards Affected:
Willesden Green

**Authority to exempt from tendering a contract to provide a
supported housing service at 115 Pound Lane NW10**

Forward Plan Ref: H&CC-09/1020

1.0 Summary

- 1.1 This report asks the Executive to agree that a proposed contract for supported housing services at 115 Pound Lane NW 10 be exempted from the tendering requirements ordinarily required by the Council's Contract Standing Orders, for good operational and financial reasons as set out in the report.

2.0 Recommendations

This report asks the Executive to:

- 2.1 Agree that a housing support service for single homeless people at 115 Pound Lane, Willesden Green be exempt from the tendering requirements ordinarily required by Contract Standing Orders for good operational and financial reasons as set out in section 3 of the report.
- 2.2 Agree that a 3 year contract for housing support services for hostel residents at 115 Pound Lane, Willesden Green in the total sum of £733,968 be awarded to the existing provider St Mungos Community Housing Association Ltd from April 1st 2010, with the option of a further two year extension, on the basis that the Council receives 100% referral and nomination rights to the service and accommodation units at the hostel.

3. Detail

- 3.1 The Supporting People (SP) Programme is a national programme to commission the provision of housing related support services 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) and "accommodation based services" (support tied to accommodation). Services assist people in maintaining their

accommodation, such as help in ensuring bills are paid, assistance with shopping, reading letters, budgeting, making sure benefits are maintained.

- 3.2 The SP Programme commenced in April 2003. The Programme in Brent was valued at £13.8 million in 2004/5 and has reduced to £12.8 million for 2007/8
- 3.3 The hostel for single homeless people at 115 Pound Lane, Willesden Green was a 78 unit hostel originally owned and managed by Novas Ouvertures, a registered social landlord. In 2006 the building ownership and the service passed from Novas to St Mungos. The building was in a poor state of repair and in need of modernisation. Accordingly St Mungos has worked with the Council to secure £ 3.5m capital from the Department of Communities and Local Government's (CLG) Places of Change Programme to demolish and rebuild the hostel. The organisation has also invested £700,000 from its own resources and secured £5m from the Homes and Communities Agency to fund the works.
- 3.4 In October 2006 the Executive agreed to issue St Mungos with a two year Supporting People steady state contract for housing support services for two years from 1st April 2007. In April 2008 this contract was varied to recognise the closure of Pound Lane for the building works. During the period of closure and in accordance with that contract variation St Mungos has provided an alternative service for 45 vulnerable individuals with a Brent connection at an alternative decant hostel in the London Borough of Hackney. The contract was extended for a further year to enable works to be completed and is due to cease on 1st April 2010. The re-build is due to be completed and the hostel re-opened in May 2010.
- 3.5 The Supporting People team has in October 2009 carried out a strategic review of single homeless provision. This review has concluded that the hostel at Pound Lane could be a key resource for the Council in tackling single homelessness, reducing rough sleeping and providing accommodation and support for single homeless people in the borough. It will be one of the few services that can provide 24 hour on site staff support and one of only two large hostel services in Brent. It is very much in Brent's interests if this hostel can be secured for service users in Brent.
- 3.6 On completion of the building works the site will provide a mixture of studios, shared and hostel accommodation for 85 individuals (including 2 disabled accessible units), and a number of additional facilities, including a community café, meeting rooms, and training facilities for service users to develop independent living skills and resources to support individuals to improve their employment prospects. These services will also be open to the local community. St Mungos core client group is working with homeless people such as rough sleepers, and their refurbishment of the hostel reflects their primary aims. Each person accommodated at the hostel will receive a licence to occupy a unit of accommodation and use the communal facilities.
- 3.7 For some time the Council and St Mungos have been in discussion, subject to Executive approval, about the ability of the Council to place service users at the hostel, and also to fund housing support services at the hostel. The building and the support service to be provided have been configured with

the Council's strategic needs in mind. St Mungos have always been clear that they wanted to run all the services at the building themselves, rather than allow third party providers to come in and run some of the services. As it is their building, they are entitled to make this decision.

- 3.8 As a result the Supporting People team has negotiated (subject to Executive approval) 100% referral and nomination rights for the Council at the Pound Lane hostel, through negotiations with the CLG and with St Mungos, in return for Council funding for housing support services for residents. Referral and nomination rights mean that the Council nominates residents for the hostel who are assessed as needing a supported housing service, so by virtue of being referred for the service a service user is also being nominated to take up accommodation at the hostel. The additional 85 units of supported housing as represented by the hostel is a key housing resource for the Council and there is a need to ensure that the Council retains strong influence over the service and the individuals placed there. Not least because in the absence of referral and nomination rights for Brent, St Mungos will accommodate vulnerable individuals at Pound Lane referred by all authorities. Such service users would not have a Brent connection but would acquire one by virtue of residence at Pound Lane, and the Council would then acquire a duty to provide social care support if needed. In addition the absence of referral and nomination rights for Brent would deprive vulnerable local residents of access to this innovative service and the improved facilities it will offer.
- 3.9 As owners of the building St Mungos are not obliged to provide referral and nomination rights to the Council, particularly as the service redevelopment has been funded by the CLG as part of its strategy to end rough sleeping in London and carries a standard requirement to provide pan-London access. However CLG have indicated that they are prepared to waive this standard requirement. There are therefore strong operational reasons for wishing to fund St Mungos to provide housing support services, because of the 100% referral and nomination rights that Brent will secure in return.
- 3.10 As the owner/operator of the Pound Lane hostel St Mungos are unique in being able to offer this hostel at this location by May 2010. Accordingly there is no realistic market to be tested by seeking alternative suppliers who can provide accommodation-based housing support services within a building offering 85 units of supported accommodation, configured as a mixture of hostel, shared and studio accommodation, with two fully disabled accessible units on one site, with 24 hour on site staff support and the community facilities referred to above.
- 3.11 A three year contract, with the option of extending this for a further two years is recommended as this will enable the standard length of contracts for this type of service. This will enable the service to operate for two full years after the initial lead in period of a year, which is again customary for these types of services. It will also enable the service to demonstrate its value to the Council and outcomes achieved by the service users.

4.0 Financial Implications

- 4.1 The Council funded the original 78 unit housing support service through a contract with Novas Ouvertures (which then transferred to St Mungos) for £994,635 per annum. The contract proposed for the new 85 unit service is for £733,968. This represents a saving to the Council of £261,000 per year. Over a 3 year contract this represents a saving to the Council of £782,000.
- 4.2 In addition the Council will save on the procurement costs of tendering for the service. These are estimated to be in the region of £15,000 - £20,000.
- 4.3 The Executive agreed in May 2009 that exemption from tendering be given to Supporting People services for those substance misuse issues and offenders with a requirement to negotiate efficiency savings with providers and a request to report back on the outcome of negotiations in January 2010. To date efficiency savings of £39,000 per annum have been agreed and a full report on both cashable and non-cashable savings achieved through negotiation are to be reported in January 2010 as requested.
- 4.3 There are no other financial implications arising from the recommendations contained in this report, although it should be noted that the accommodation charges made by St Mungos to the service users will be met by Council-administered housing benefit.

5.0 Legal Implications

- 5.1 The report recommends that the Supporting People Service provided at 115 Pound Lane should be exempt from the normal requirements of tendering set out in Contract Standing Orders.
- 5.2 The Executive may grant an exemption from tendering requirements under Contract Standing Order 84. The Executive therefore needs to consider whether the facts in section 3 constitute good operational and financial reasons for not tendering.
- 5.3 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. The savings that will be achieved when compared with the contract price paid by the Council for the previous service are described in paragraph 4.1.
- 5.4 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.

5.5 The Council will need to enter into both a referral and nomination agreement with St Mungos as well as a contract for St Mungos to provide housing support services. The latter will be based on the Council's standard supporting people contract.

5.6 Some of the service users taking up occupation in St Mungos will be owed homelessness duties by the Council. Local housing authorities, which include Brent Council, have a duty under Part VII of the Housing Act 1996 to house homeless persons in temporary accommodation who satisfy the qualifying criteria (i.e. eligibility, homeless, priority need, not intentionally homeless and local connection). A single homeless person can satisfy the priority need category if (s)he is vulnerable and this can include old age, mental illness or handicap, physical disability or other special reason. The definition of someone who is "vulnerable" for the purposes of assessing whether a homeless applicant is in priority need is "less able to fend for himself than an ordinary homeless person so that injury or detriment to him will result where a less vulnerable man will be able to cope without harmful effects" and this is set out in the case of *R v Camden LBC ex parte Pereira (1998)*.

6.0 Diversity Implications

6.1 The new contract will 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.

6.2 In providing a range of training, employment leisure and social activities the service will be open to all members of the surrounding community. Partnering arrangements with local community groups and specialist providers will be encouraged as part of the contract terms for the service.

7.0 Staffing/Accommodation Implications (if appropriate)

7.1 There are no staffing implications or accommodation implications for the Council, except those referred to above in respect of the buildings and service configuration at 115 Pound Lane.

Background Papers

Executive report 9th October 2006 Title: Supporting People Contracts

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