

## London Borough of Hammersmith & Fulham

**Report to:** Strategic Director of the Economy

**Date:** 24/01/2021

**Subject:** Direct Award of Rough Sleeping Accommodation Contracts

**Report author:** Julia Copeland - Strategic Commissioner

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### Summary

The rough sleeping accommodation contracts listed in Table 1 below are key to delivering H&F's strategic priority to end rough sleeping; the contracts expired on 31.10.20. Officers were due to publish the tender opportunity in March 2020 and new services were to commence 1 November 2020. However, the tender was withdrawn due to the impact of the COVID-19 pandemic. It is necessary to directly award five 12-month contracts to enable service continuity for vulnerable residents while we re-procure new contracts. A waiver of the requirement to undertake a competitive process was approved on 28 October 2020

A revised Procurement Strategy was approved by the Cabinet in January 2021 and new services are anticipated to be in place by 1 November 2021.

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### Recommendations

1. Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings as set out in paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 (as amended).
2. Ratifies the decision to directly award five contracts, as set out in Table 1 below, in order to continue provision of accommodation services for rough sleepers by the incumbent providers for up to a period of 12 months, from 1<sup>st</sup> November 2020;

**Table 1**

Contract name	Current end date	Proposed period of direct contract award	Total value of direct award contract
St Mungo's – Hope Gardens	31.10.20	1.11.20 to 31.10.21	£417,478
St Mungo's – The Old Theatre	31.10.20	1.11.20 to 31.10.21	£325,126
St Mungo's – Edith Rd	31.10.20	1.11.20 to 31.10.21	£350,097

Look Ahead – 160 Coningham Rd	31.10.20	1.11.20 to 31.10.21	£335,099
Cyrenians - Shepherds House	31.10.20	1.11.20 to 31.10.21	£306,726

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**Wards Affected:** All

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Creating a compassionate council	The services are key to ending rough sleeping and improving outcomes for vulnerable people.
Taking pride in H&F	The services contribute to reducing the harm rough sleeping causes to individuals and communities

## **Financial Impact**

### Costs

The value of the contracts to be awarded is £1,734,526. Of this, £722,719 relates to contract spend in 2020/21 with the remaining £1,011,807 being incurred during 2021/22.

### Funding

The cost of these contracts will be mainly funded from budgets recently transferred to the Economy following the disaggregation of the Supporting People budgets from Social Care.

As explained in the Rough Sleeping Services Procurement Strategy approved by Cabinet on 4 January 2021, there is a funding shortfall of £90,000 (including contractual inflation) for 2021/22 assuming the services continue for the duration of the financial year (and this would increase to £213,000 from 2022/23 following the spending of a finite earmarked reserve).

The funding shortfall for 2021/22 will be resolved by drawing on existing budget made available from an expected underspend on next year's provisional increase in bad debt provision for temporary accommodation of £60,000 plus a further £30,000 from MHCLG grant funding.

This assumes that the Housing Solutions service in 2021/22 does not overspend as it is forecast to do so in this financial year (the CRM for month 6 indicates a forecast overspend of £0.872m of which £0.745m is driven by actions arising as a result of Covid-19).

## Financial Status

A credit check has been carried out for St. Mungo's as at 10<sup>th</sup> December 2020 and the credit rating of 95 suggests a very low level of risk to the Council and the suggested contract limit of £23.5m and turnover of £94.5m is sufficient for the value of the proposed contract.

A credit check has been carried out for Look Ahead as at 10<sup>th</sup> December 2020 and the credit rating of 49 suggests a moderate level of risk to the Council. However, the suggested contract limit of £7,500 and turnover of £126,000 are less than the value of the proposed contract of £335,100. Due to the financial risk to the Council, the service have agreed to review payment arrangements and will pay Look Ahead one month in arrears.

A credit check has been carried out for Cyrenians as at 10<sup>th</sup> December 2020 and the credit rating of 85 suggests a very low level of risk to the Council and the suggested contract limit of £2.2m and turnover of £9.5m is sufficient for the value of the proposed contract.

The exempt appendix contains additional financial implications

## **Legal Implications**

1. The recommendations propose that the decision makers ratify the decision to direct award the five contracts in table 1 above, for a duration of 12 months. These contracts fall under the category of social and other specific services, Schedule 3 of the Public Contracts Regulations 2015 (PCR). The threshold for such services is currently £663,540. The value of each proposed direct award falls below the Current EU Procurement threshold and therefore the Public Contract Regulations 2015 do not apply in full.
2. As a matter of local government law, a decision cannot be taken retrospectively. Were it not for the extreme urgency, this approval should have been obtained prior to the providers resuming the services and therefore the recommendation is to ratify the awards of the contracts that have already been made as opposed to approving it.
3. As the values of the direct awards exceed £25,000, Regulation 112 of the PCR requires the Council to publish on Contracts Finder within a reasonable time providing the name of the contractors, the date on which the contract was entered into, the value of the contract and whether the contractor is an SME (small or medium-sized enterprise or VCSE (voluntary, community, and social enterprise)).
4. The exempt appendix contains additional legal implications

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## Background Papers Used in Preparing This Report - None

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### DETAILED ANALYSIS

#### Background

1. In February 2020, Cabinet approved the procurement strategy for the contracts in Table 1 above. The tender was subsequently withdrawn due to the impact of COVID. In July 2020 the Rough Sleeping Delivery Board approved a review of the original Rough Sleeping Procurement Strategy to ensure it was fit for purpose in light of the impact of COVID. A revised strategy was approved by Cabinet in January 2021.
2. All of the previous contracts expired on 31 October 2020; new services have been in place since 1 November 2020. Waivers to undertake a competitive procurement were obtained on 28 October 2020 to enable the direct award of five contracts as set out in Table 1.
3. Demand for all five services is high. In the last three years, service occupancy has exceeded the contract key performance target of 95%.

Period	Supported housing occupancy levels
2017-18	97.8%
2018-19	97.2%
2019-20	98.7%

#### Added Value/Best Practice

4. In addition to providing accommodation and an immediate relief from rough sleeping, the five contracts provide a range of person-centred interventions, support and other activities promoting social inclusion, independence and reducing risk. These include:

- asset-based support planning focusing on people’s strengths not deficits;
- co-produced support plans and risk assessments. Residents are encouraged to identify their risk triggers and how they can reduce risks and manage stressful situations;
- tailored independent living skills programmes including managing a tenancy, budgeting on a low income; being a good neighbour; where to go for help;
- signposting to health, social care, social inclusion and other services.
- support to access volunteering, education and employment opportunities;
- health and well-being programmes providing in-reach activities for example, smoking cessation, health eating; podiatry; acupuncture; substance use; and
- managing risks to individuals and the community. Developing personalized harm-minimization strategies.

## **Proposals and Analysis of Options**

### **Option 1 – Do not award the contracts bringing the current arrangements to an immediate end**

5. This option is not viable as there will be a gap before new services are in place for vulnerable residents. This option would likely increase the demand for more intensive health, housing and social care services and increase rough sleeping. For these reasons this option is not recommended.

### **Option 2 - Directly award five short-term interim contracts to the incumbent providers**

6. This option will enable service continuity to vulnerable residents while new contract arrangements are put in place. For this reason, this option is recommended.

## **Reasons for Decision**

7. The five accommodation contracts are critical to the council’s strategic priority to end rough sleeping. The original procurement timetable for new services was delayed due to the impact of COVID. Five directly awarded 12 months contracts are necessary to ensure service continuity while services are procured to commence by 1 November 2021.

## **Equality Implications**

8. The recommendations in this report will enable service continuity for vulnerable residents. There is no indication there will be any adverse impacts for protected characteristics. A full Equality Impact Assessment has been completed for the procurement strategy.

## **Risk Management Implications**

9. The services are vitally important to the ongoing Covid-19 response and therefore the awards of the contracts are noted as providing service continuity

in this instance. All services must operate to HM Government, Health and Safety and sector guidelines and regulations that are applicable throughout the pandemic to minimise risks to as low as reasonably practicable to individuals and the community.

Implications verified by Michael Sloniowski, Risk Manager, tel 020 8753 2587

**List of Appendices:**

**Appendix 1 – Exempt legal and financial implications**