

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Councillor Lisa Homan, Cabinet Member for Housing

Date: 08/12/2021

Subject: Award of One Supported Housing Services Contract for Rough Sleeper Accommodation

Report author: Lucy Baker, Prevention and Rough Sleeping Commissioning Manager

Responsible Director: Jonathan Pickstone, Strategic Director, Economy

SUMMARY

A Cabinet report of 4th January 2021 approved a procurement strategy to procure three new contracts for rough sleepers to replace existing services. This report deals with one of the three contracts: **Lot 3 Supported Housing Services**. This is the third and final contract to be considered as the other two contracts (Lot 1 Street Outreach and Housing First, and Lot 2 Homeless Health Inclusion) have been approved.

Ending rough sleeping is a key priority for the Council. In 2018, Hammersmith & Fulham (H&F) established an independent Rough Sleeping Commission to develop an action plan to achieve our strategic goal of finding everyone a safe route off the streets and reducing the harm to individuals and communities caused by rough sleeping. The work from the Commission is ongoing and the Supported Housing Services to be delivered through this contract are key to helping us achieve this ambition by improving homelessness prevention and housing outcomes and improving access to a range of health and other life enhancing services for homeless people.

Following a procurement process approval is now sought to award one contract to deliver the services. This contract will deliver support to 129 units of accommodation across 8 buildings for five years, with the option to extend by a further two twelve-month periods. Council officers will be closely monitoring and supporting the mobilisation plan to ensure that the contract is delivered on time and with continuity of service. This contract will be subject to ongoing, robust performance monitoring and quality assurance by Council officers throughout its lifetime.

RECOMMENDATIONS

1. To note that Appendix A is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that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) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the award of a contract for the delivery of Lot 3: Supported Housing Services for an initial five-year term (with the possibility of 2 x 12-month extensions) commencing on 1st April 2022 to St Mungo's Charity. The annual

value of this contract is £2,125,929. The total value of this contract over the five-year initial term is £10,629,645. The total value of this contract over a seven-year term would be £14,881,503 should two one-year extensions be granted.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	<p>The winning contractor has committed to delivering 14.95 % of the contract value in Social Value contributions each year throughout the lifetime of the contract.</p> <p>The winning contractor has detailed their capacity to deliver employment opportunities for residents, apprentices, and those with lived experience of homelessness. 10.40% of the evaluation score was for Social Value questions using a methodology that was agreed with Corporate Procurement and the Social Value Portal.</p>
Creating a compassionate council	<p>As a compassionate council H&F is committed to reducing homelessness and ending rough sleeping and the harm it causes to individuals and communities. This contract will contribute to better outcomes for homeless people by helping to address housing need and prevent homelessness and rough sleeping.</p>
Doing things with local residents, not to them	<p>The views of over 100 homeless people were taken into consideration when developing the recommendations in the Rough Sleeping Procurement Strategy approved by Cabinet in January 2021. The winning contractors' approach to co-production, service user involvement and locality management were assessed. The winning contractor will be robustly monitored throughout the lifetime of the contract to ensure they implement and maintain their commitments to involve local residents.</p>
Being ruthlessly financially efficient	By issuing a tender with a fixed

	envelope for the lifetime of the contract, we are ensuring this contract will be delivered while minimising the risk of any unexpected increases in costs. The successful contractor has shown they are able to accommodate LLW and deliver efficiencies to accommodate any uplifts to LLW over the proposed duration of the contract.
Taking pride in H&F	This contract will deliver high quality accommodation with support for homeless people living in H&F. This will be a source of pride to residents of the borough.
Rising to the challenge of the climate and ecological emergency	The contractor will be monitored to ensure they contribute to reducing emissions, reducing food waste and repurposing furniture. There is an opportunity for staff to support residents to increase their understanding of the climate and ecological emergency.

Financial Impact

Funding

This report recommends awarding one contract for up to seven years commencing 1st April 2022. The annual value of this contract is a fixed price of £2,125,929.

These costs will be funded from existing General Fund Supported Housing Budget (£2,089,000) plus redirected resource following the expiry in November 2021 of a contract related to this rough sleeping re-tendering process (releasing a part-year contribution of £37,000).

The current Supported Housing Budget includes a contribution of £610,000 from Public Health Outcomes Fund (PHOF) plus £113,000 from an earmarked reserve which will be exhausted by the end of 2022/23. This will result in a shortfall from 2023/24 of £113,000.

Resolving the shortfall

It should be possible to contain the additional funding shortfall of £113,000 from 2023/24 onwards through redirecting revenue budget from the budgeted provision for risk within temporary accommodation. This is dependent on sustaining the continued high performance of rent collection, minimising debts to the Council. Further mitigation actions are also being considered as the post Covid-19 financial environment becomes clearer.

Risks

In the event of funding reductions, the Council would expect notice of this to allow time for the contracts to be modified to ensure they are affordable. In the event that

an affordable variation is not possible, the contracts include a six-month no-fault break clause.

Financial status of the contractor

A Creditsafe report was requested for the successful contractor. The St Mungo's report indicates a low-risk credit rating of 72. The suggested contract limit of £24.5m and turnover of £122m is more than sufficient for the value of the proposed contract.

Legal Implications

The Council has power to provide these services under Part VII of the Housing Act 1996.

These contracts are "public services contracts" for the purposes of the Public Contracts Regulations 2015 as they are above the relevant threshold of £189,330. The Council has complied with these rules by undertaking a competitive procurement under the competitive procedure with negotiation.

These are high value contracts under the Council's Contract Standing Orders. The requirements of CSO 19 have been complied with by carrying out a two-stage tender process involving the shortlisting of suppliers following receipt of selection questionnaires and a competitive tendering process. A process of negotiation then took place with the two highest scoring tenderers to improve their proposals and identify the bid which best met the Council's requirements.

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Background Papers Used in Preparing This Report - none

Proposals and Analysis of Options

1. Following the Cabinet report of 4th January 2021, a fully compliant procurement process was initiated to implement the Procurement Strategy as set out in that report.
2. In line with the Procurement Strategy approved by Cabinet, a competitive procedure with negotiation pursuant to the Public Contracts Regulations 2015 (the "Regulations") was undertaken through the Council's preferred online procurement portal CapitalEsourcing.
3. A notice was submitted to Contracts Finder and Find a Tender via the CapitalEsourcing portal in accordance with the Council's Contract Standing Orders on 13th March 2021.
4. Lot 3 is comprised of one service element. Market analysis estimated that approximately 10-15 providers may express an interest in delivering the services. However, it was noted that by consolidating the current contracts under one provider the proposed new contract would be relatively large and therefore some of the interested organisations may not meet the required financial thresholds.
5. The tender process proceeded in three stages.

Selection Questionnaire (SQ) stage:

6. Economic Operators were required to complete the SQ which required them to provide information to satisfy certain legal and financial requirements (for example passing certain mandatory criteria and evidencing their economic and financial standing) and their relevant technical experience.
7. SQ submissions were received from nine suppliers. Following evaluation of the responses four suppliers failed the SQ stage. Five suppliers passed the SQ stage and were invited to submit an Initial Tender.

Initial Tender stage:

8. The Initial Tender stage was chosen in order to reduce the number of bidders to be invited to take part the Negotiation Stage and to submit a Final Tender (ISFT), to two.
9. The five shortlisted suppliers invited to Initial Tender were required to submit a bid with their responses to Qualitative/Technical questions and activity levels constituting their Commercial Offer.
10. Bids were evaluated on the published evaluation criteria which was an 80:20 quality to price weighting.
11. Tenders were opened virtually on the 8th June 2021 with members of the corporate procurement team in attendance.
12. Tenders comprised two sections. These were:

Qualitative / Technical Questions

The weighting given to the qualitative section of the tender evaluation was 80%. Bidders were required to submit a number of responses to questions testing core requirements.

In line with the Instructions to Tender, a moderation session was held on 29th June 2021 to agree on a single score for each technical response submitted by each bidder. The overall weighted quality scores were then calculated.

Pricing / Commercial Offer

As set out in the procurement strategy the weighting given to the commercial section in the evaluation criteria was 20%. The contract price was evaluated on activity levels against a fixed price envelope of £2,125,929 per annum. The Tender with the highest weekly activity rates automatically scored 20 in the Commercial Envelope and all other Tenders were scored relative to the Tender with the highest number of weekly activity rates.

13. All tenderers were evaluated in accordance with the pre-determined selection criteria and following moderation. Three tenderers were not invited to the Negotiation Stage to submit a Final Tender.

Negotiation Stage

14. The two highest scoring tenderers were invited to separate Negotiation meetings. These meetings were held on 26th July 2021 and were conducted in accordance with the conditions and requirements set out in the Invitation to Participate in Negotiation (ITPN) document.
15. The purpose of the negotiation meetings was to provide a forum for the Council to give feedback on the Initial Tender, and for the tenderers to ask questions and seek clarifications so that they may seek to develop and improve their offering in their Final Tender.

Final Tender stage

16. The two tenderers submitted their revised tenders, and these were opened virtually on the 10th August 2021 with members of the corporate procurement team in attendance.
17. The tenders were evaluated again on the same questions and published evaluation criteria i.e. an 80:20 quality to price weighting.
18. Following moderation, the weighted pricing and qualitative scores for each bidder were combined and an overall score was achieved for each Final Tender. The Final Tenders were then ranked – highest first.

Lot 3: Supported Housing Services

Supplier	Quality Score before weighting	Price Score before weighting	Final Score after weighting	Rank
St Mungo's	81.90	80.96	81.712	1
Tenderer B	75.479	100.00	80.383	2

19. See Appendix A, section 1 for more information.

Next steps

20. The final tenderers will receive written confirmation of the Council's decision to award the contracts. These letters will be prepared in line with the Public Contracts Regulations 2015 and will provide reasons for the decision together with the characteristics and relative advantages of the successful Tenderer.

21. After the letters have been issued via the Capital E Sourcing portal, a standstill period of 10 calendar days must be observed by the Council in accordance with the Regulations. No activity to engage with successful bidders or to advance progress with the process may be carried out during this time.

22. Mobilisation of the new contractor will commence after the statutory standstill period has finished. Existing contract end dates will be co-terminus with the start date of both new contracts to ensure service continuity to vulnerable residents.

Reasons for Decision

23. The Council is committed to reducing homelessness and ending rough sleeping, and the harm it does to individuals and communities. The award of a new contract for Supported Housing Services will improve outcomes for vulnerable residents and local communities.

24. The recommendation outlined in this report is based on a competitive tendering process in line with the Public Contracts Regulations 2015. The Tenders received were evaluated by the Council's evaluation team against published evaluation criteria. The Contractor recommended for appointment was identified as the most economically advantageous tenderer having applied the evaluation criteria.

25. In line with H&F policies the contractor will deliver Social Value throughout the duration of the contract as set out below. The highest social value commitments that the contractor has offered over the initial five-year term are that: twenty employees in the staff team will be H&F residents; eight employees that are defined by the Equality Act 2010 as disabled; and five employees will be people with lived experience of homelessness. In addition, the contractor will employ two apprentices. The contractor will sign up to the Social Value Portal and the delivery of these commitments will be specified in the contract and monitored by the Social Value Portal and H&F officers.

Contract	Recommended Supplier	Social value %
Lot 3 – Supported	St Mungo's	14.95%

Equality Implications

26. We expect that outcomes for rough sleepers and homeless people with multiple and complex needs will be improved as this contract will enable their access to good quality, appropriate and local accommodation with support on site. We expect that provision for homeless women will be improved as the specification requires the contractor to create some women-only units within the pathway. There are no identified adverse impacts on protected groups. A full Equality Impact Assessment was carried out for the Procurement Strategy approved by the Cabinet in January 2021.

Risk Management Implications

27. The Council is obliged to provide services for rough sleepers and vulnerable homeless people and has a strategic goal of finding everyone a safe route off the streets and reducing the harm to individuals and communities caused by rough sleeping. The report identifies risks relating to future funding and demand outstripping budget which will need to be closely monitored and managed. The report recommends the award of a contract for supported housing services, following a robust competitive process. This is in line with the Council objective of being ruthlessly financially efficient.

Implications verified/completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, tel: 07817 507 695

Climate and Ecological Emergency Implications

28. These services are accommodation-based and delivered from existing buildings. Support services are delivered on-site. Staff and residents rely on walking and public transport for staff travel into and around the borough. The only vehicle use is for night shifts for safety purposes; for this, car sharing schemes are utilised, minimising embedded emissions from the manufacture of private vehicles, and minimising space used for parking.

29. The greatest potential climate impacts are therefore from energy use within the buildings. Appliances are subject to regular maintenance and safety checks to ensure they are safe, compliant and in good working order which will maximise their efficiency.

30. The council will work with the landlords to minimise energy use and waste, and maximise reconditioned equipment where practicable, during the life of the contract. There is an opportunity to reduce and monitor energy use on-site as part of mobilisation which the Council will explore with the landlords.

31. The services regularly use recycled and upcycled furniture items where possible. Residents are involved in gardening activities in the buildings with gardens. The contractor will work with local businesses to receive and distribute food donations

to homeless people and reduce food waste. There is an opportunity for staff to support residents to increase their understanding of the climate and ecological emergency.

*Implications verified by: Jim Cunningham, Climate Policy & Strategy Lead,
Jim.Cunningham@lbhf.gov.uk*

Procurement implications

32. The results of the evaluation process have been verified against the e-tendering system on 17th November 2021.

*Completed by: Dominic D'Souza, Commercial Manager,
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Digital services implications

33. No IT implications are considered to arise from this report as it seeks approval for the award of a contract for the delivery of Supported Housing Services. Should this change, for example, by requiring new systems to be procured or existing systems to be modified, Digital services should be consulted.

34. IM implications: The Supported Housing Service provider will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training. As the service provider will likely have access to resident data, a Data Privacy Impact Assessment (DPIA) should be carried out, and a (Cloud) Supplier Security Questionnaire should be completed, to ensure that all the potential data protection and information security risks around this service provision are properly assessed with mitigating actions agreed and implemented.

35. The contract with the service provider will need to include H&F's data protection and processing schedule if this is not yet the case. This is compliant with UK Data Protection law (the General Data Protection Regulation (GDPR) 2016; and the Data Protection Act (DPA) 2018).

Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, IT Services, tel 020 8753 5748.

Local Economy and Social Value

36. This report seeks to award the contract of Supported Housing Services to St Mungo's for the value of £10,629,645 for five years (initial term). The winning bidder committed to 14.95% of social value out of their contract value. Highest social value commitments are to create employment and skills for residents over the five-year contract. Social Value Portal evaluated the social value responses, which were reviewed by commissioners and the qualitative submission was scored at 80/100. The score indicates that the supplier can deliver on commitments with confidence.

37. It is recommended the project lead will work closely with H&F Social Value Officer and the contractor to agree on a delivery plan, soon after the award. The winning bidder will be required to set targets on Social Value Portal for effective monitoring and responsible to pay the relevant fee as per the Instruction to Tender document published at the tender stage. It is advisable the Commissioner will work closely with legal to ensure appropriate social value clauses are included in the contract, so that the Council can enforce its right to compensation if social value commitments are not delivered.

Implications completed by Ilaria Agueci, Social Value Officer tel. 0777 667 2878

Consultation

38. Over 100 homeless residents were consulted, and their views informed the procurement strategy underpinning the recommendations in this report.

LIST OF APPENDICES

Exempt Appendix A – Evaluation Scores, Price Scores and Financial status