

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Cabinet Member for Health and Adult Social Care, Cllr Ben Coleman

**Date:** 25/03/2022

**Subject:** Direct award of the contracts for mental health supported housing services

**Report author:** Michele Roberts, Programme Lead, Health and Social Care

**Responsible Director:** Lisa Redfern, Strategic Director Social Care

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### SUMMARY

The mental health supported housing services provide onsite housing related support to up to 131 adults with mental health needs. The onsite support hours are defined according to high and medium support needs, with high needs accommodation providing 24-hour onsite support. This housing is an essential part of the housing pathway for those who have been recently discharged from hospital or have struggled to maintain a tenancy independently. There are five contracts in this service who operate from 16 social landlord owned buildings (mostly Victorian or Edwardian street properties) throughout the North, Central and South of the borough.

The services were due to be recommissioned by April 2022, however, this has been delayed due to the Covid-19 pandemic and the emergency response by H&F Council, West London Trust and by the incumbent providers. Therefore, direct awards for up to 18 months are needed in order carry out key commissioning activity. This includes conducting a needs assessment; implementing changes to improve throughput of residents in the supported housing pathway; potentially repurposing the housing stock and coproducing the new service model with residents. The procurement for the new contracts will be finalised by September 2023 at the latest.

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### RECOMMENDATIONS

1. To approve that Appendix 1 of this his report is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that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 direct award of five interim contracts to continue provision by the incumbent providers for a period of 12 months with an option for plus six months at a maximum cost of £2,706,404, as set out in Table 1 and Table 2.

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**Wards Affected:** ALL

<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	The services work in a way to support residents towards work readiness. This will be a key outcome of the future contracts.
Creating a compassionate council	An independent living approach will enable residents to develop personal resilience and have more control over their lives.
Doing things with local residents, not to them	The future service model will be co-produced with residents and those with lived experience of mental ill health. Officers are anticipating that successful bids for a new community grants programme for H&F will focus on coproduction and will support and be supported by people with lived experience, stimulating involvement from residents living in the supported housing services.
Being ruthlessly financially efficient	The decision to focus the support and care on those with the greatest needs and enabling residents to achieve greater independence uses the funds available in the most efficient way. Utilising the private rented sector for residents after living in supported housing will increase the throughput in the services and achieve savings in high-cost health placements and in temporary accommodation Utilising the whole mental health system, including clinical support, will also reduce the cost to the council
Taking pride in H&F	The council can be proud that it continues to invest in supported housing services that enable residents to build on their own resources and assets in order to live independently in the community. We are working with local community organisations to assist these residents to be included in all aspects of social and economic life. An example of this is a number of residents who are volunteering with the Smile Brigade, helping to pack food donations for

	people effected by Covid-19.
Rising to the challenge of the climate and ecological emergency	All the providers have organisational policies that reflect their commitment to responding to the climate emergency. Additionally, the providers have all made climate change commitments within their social value commitments.

## Financial Impact

The funding for the contracts will be capped at the current contract prices set out in the table below.

TABLE 1: Proposed 12 months direct award

Provider	Contract	Original Contract start & end date	Contract end date including extensions	Proposed direct award extension period	Current Annual value	Potential total value of direct award (12 months)
London Cyrenians Housing	North West Cluster Service	1 June 2013 to 31 May 2016	31-Mar 2022	1 April 2022 to 31-Mar-23	£526,856	£526,856
Look Ahead Care and Support	North East Cluster Service	1 June 2013 to 31 May 2016	31-Mar 2022	1 April 2022 to 31-Mar-23	£423,669	£423,669
Single Homeless Project (SHP)	Central Cluster Service	1 June 2013 to 31 May 2016	31-Mar 2022	1 April 2022 to 31-Mar-23	£339,240	£339,240
Hestia Housing & Support	North Cluster Service	1 June 2013 to 31 May 2016	31-Mar 2022	1 April 2022 to 31-Mar-23	£271,151	£271,151
Hestia Housing & Support	South Cluster Service	1 June 2013 to 31 May 2016	31-Mar 2022	1 April 2022 to 31-Mar-23	£243,353	£243,353
					£1,804,269	£1,804,269

TABLE 2: Proposed 18 months direct award

Provider	Contract	Original Contract start & end date	Contract end date including extensions	Proposed direct award 18 months extension period	Current Annual value	Potential total value of direct award (18 months)
London Cyrenians Housing	North West Cluster Service	1 June 2013 to 31 May 2016	31-Mar 2022	1 April 2022 to 30-Sep-23	£526,856	£790,284
Look Ahead Care and Support	North East Cluster Service	1 June 2013 to 31 May 2016	31-Mar 2022	1 April 2022 to 30-Sep-23	£423,669	£635,504
Single Homeless Project (SHP)	Central Cluster Service	1 June 2013 to 31 May 2016	31-Mar 2022	1 April 2022 to 30-Sep-23	£339,240	£508,860
Hestia Housing & Support	North Cluster Service	1 June 2013 to 31 May 2016	31-Mar 2022	1 April 2022 to 30-Sep-23	£271,151	£406,727
Hestia Housing & Support	South Cluster Service	1 June 2013 to 3 May 2016	31-Mar 2022	1 April 2022 to 30-Sep-23	£243,353	£365,030
Total					£1,804,269	£2,706,404

The recommendation in 1 above, to award direct contracts to the five incumbent providers from 1st April 2022 will cost up to a maximum of £2,706,404. This will allow the development of the market, which provides flexible accommodation to support resident's recovery, through day opportunities including education, employment.

The cost of this contract will be met from the existing Social Care revenue budget.

No savings will accrue from these direct awards.

Out of the five contracts there has been one uplift request, by Look Ahead, who provides the North East Cluster. The request is for 3.8% of the contract value, to cover the recent rise in the London Living Wage and National Insurance. Commissioners are still waiting for the formal request/rationale for this uplift.

It is anticipated that the procurement process will be launched at the latest in March 2023 for new contracts to commence from September 2023 at the latest.

### **Director of Finance Comments**

The recommendation above to award 5 direct contracts to the 4 current incumbents with effect from 1 April 2022 for a period of 12 months will cost £1,804,269. An extension of the contract term by up to a maximum of 6 further

months will cost an additional £902,135. Total costs for an 18-month term to 30<sup>th</sup> September 2023, will be a maximum of £2,706,404

The cost of the proposal will be met from the 2022-23 and respective 2023-24 Supporting People General Fund budget. The 2022-23 available budget is £1,856,593.

Should the request from Look Ahead for a 3.8% uplift be granted, this would result in additional annual commitments of £16,099 which could be met from the existing budget provision.

Implications verified by: Prakash Daryanani, Head of Finance Social Care, 31 January 2022

*Implications verified by: Emily Hill, Director of Finance, 23 February 2022*

## **Legal Implications**

This report recommends directly awarding 5 contracts for mental health services to each of the following existing suppliers - London Cyrenians Housing, Look Ahead Care and Support, Single Homeless Project and Hestia Housing and Support. These services are 'light touch' as they fall within the category of 'social work with accommodation' under Schedule 3 of the Public Contracts Regulations 2015 (PCR). Of the 5, the proposed contracts with London Cyrenians Housing and Look Ahead Care and Support have a value which is above the current threshold of £663,540 (inclusive of VAT which is not relevant here as the Council is not charged VAT by the suppliers or £552,950 exclusive of VAT) for light touch services. These particular contracts are subject to the advertising and competition requirements set out in Part 2 of the PCR unless 'in so far as strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with' (regulation 32(2)(c) PCR).

While there is an urgent need for the services as the current contracts are due to expire shortly, the issue will be whether a procurement could have been carried out earlier as anticipated by the previous Cabinet Member report dated 13<sup>th</sup> February 2020 when the existing contracts were directly awarded on the first occasion. This report confirms that it has not been possible to carry out such a procurement. This is due to staff redeployments during Covid-19 which has led to a shortage of staff available to manage what will be a complex (particularly as it involves resident engagement) and lengthy (possibly 12 – 18 months) procurement. There are grounds, therefore, to rely on regulation 32.

The Council's own Contract Standing Orders require each of the 5 proposed contracts to be advertised and to follow a procurement process unless a waiver is granted by the s151 Officer. Such a waiver was granted on 16/02/2022.

Once awarded, information in relation to each contract must be published on Contracts Finder as to the name of the contractor, the date when the contract was entered into and the value of the contract.

The report must be submitted to Committee Services for publication on the Council's website as a Key Decision.

The appropriate decision maker for contract awards of the values paid from revenue set out in this report is ordinarily the Cabinet Member (CSO 21.1) for those awards over .5m and the SLT Member for those under that but as the Cabinet Member for those awards authorised the previous direct awards in 2020, it is considered expedient to seek authorisation from the Cabinet Member on this occasion as well for all of the awards.

*Implications verified by: Angela Hogan Chief Solicitor (Contracts and Procurement)  
Legal Services, date signed: 19/01/22*

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## **Background Papers Used in Preparing This Report: None**

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### **DETAILED ANALYSIS**

#### **Proposals and Analysis of Options**

1. There are a number of challenges that need to be addressed when remodelling the contracts, these include:

##### **Finances**

- The spend on the contract has reduced by half since 2008 and several of the current providers state that they are operating with budget deficits;

##### **Accommodation**

- Many of the properties are converted Edwardian/Victorian properties in varying states of repair with poor accessibility. This presents challenges for people with complex needs such as autism and those who are ageing;

##### **Model**

- There is a lack of consistent clinical support for all residents in the pathway with complex, forensic and dual diagnosis needs;
- The current model has support that is tied to the buildings in which residents live which lacks flexibility in providing support to people living in different tenures;
- Residents either move into high or medium support services. This has entrenched a linear path for some residents, rather than moving to independent accommodation when ready;

- Nearly a third of residents have lived in the pathway for over five years and have not developed the skills to live independently;
- Support could be better targeted for high needs residents in the pathway alongside a move away from a dependency model towards independent living.

2. Additionally, since the beginning of the Covid-19 pandemic in 2020, there have been a number of additional challenges for the mental health supported housing services and the recommissioning plan including:

- The cost pressures on the five contracts including cost of living increases and the recent London Living Wage increase. The average cost per resident per week is £271, which is low compared to our spot Registered Care Homes in the borough which averages at £811.32 per resident per week. The limited budget per resident affects the incumbent providers in terms of staffing levels, specialist support that they can provide and therefore the number of positive outcomes;
- Social work and commissioning teams needing to divert resources to support the mental health supported housing providers to establish and maintain the correct Infection Control Procedures, including, PPE, testing and vaccinations, dealing with positive cases of staff and residents and outbreak management;
- The reduced roll out of the new transformative MINT service due to front line Covid-19 pressures;
- The supported housing providers focus has been to protect staff and residents and they have facilitated a high percentage of staff and residents to have Covid-19 and flu vaccinations;
- The reduction of throughput/move on of residents from the pathway due to the Covid-19 lockdowns;
- Increased pressure on the mental health ward beds and Delayed Transfer of Care (DTC);
- Reduced engagement in meaningful activities of the people living in services as day opportunities have been and are still mostly closed;
- Officers attempted coproduction meetings with residents on Teams, which was extremely challenging as many of the residents in the services are digitally excluded and not used to this communication method;
- Shepherds Bush Housing Association, one of the landlords of the mental health supported housing stock in borough, advised the council in February 2021 that they are going to divest their supported housing stock, which will affect 4 buildings with 32 units in the mental health pathway;
- An increase in delays in repairs and maintenance by all landlords, partly due to Covid-19.

3. In the last two years there have also been a number of positive developments:

#### **Improved Partnership Working**

- H&F Council, West London Trust (WLT), Sobus and H&F CCG have been working together through the Integrated Care Partnership (ICP) to improve mental health services in the borough. There are targeted campaign areas including complex care and placements, which will focus on ensuring that we have the right housing and support options within the borough for our residents. An action plan is currently being drafted to address the gaps in local

assets and the disparity between high- cost placements out of borough and under-funded supported housing and related services in borough;

### **Pilots and Innovation**

- Due to Covid-19 increasing the pressures on health services, particularly the inpatient wards, West London Trust invested in a pilot during winter 2020-21 operating out of the central cluster, run by SHP, one of the mental health supporting housing providers. The pilot included the block booking of a bed to enable it to be used for residents to step down out of inpatient mental health wards for a 6-week period and also a worker to support the resident to move back to their own homes or to another setting. Additionally, it included a private rented sector worker, to help people to think about, and act on, the option of moving into a rental property, instead of the local authority social housing option. This has been very successful and has enabled spaces to be freed up in the mental health housing pathway. The pilot has been very reviewed by West London Trust and the Council and will have its funding renewed in 2022-23 by H&F CCG. See Appendix 1;
- The funding of other spot placements by H&F CCG to increase step down bed options for those leaving inpatient mental health ward;
- A community mental health grants programme was launched in December 2021 by H&F Council, Sobus and West London Trust. The winning small innovative projects will be up and running before the end of 2021-22. They will address priority areas where there are gaps in provision and grass root support including BAME and LGBTQ+ communities, people who have experienced trauma through migration, people who have mental health problems together with physical disabilities, learning disabilities, and neurodevelopmental disabilities and young people.

### **Contract Monitoring**

- Council officers have relaunched provider network meetings, amended the recording template for quarterly returns to make reporting more effective and efficient and have reinstated meetings to discuss performance. This has led to an improvement in performance and an exchange of organisational plans in terms of the road to recovery post Covid-19;
- The providers are currently performing well against the contractual KPIs. Additionally, moves (and expected moves) for 2021-2022 by residents to independent living options is expected to surpass all previous years, this can be attributed to a combination of improved preparatory support by providers and the new private rented sector worker.

### **Options appraisal**

4. Option 1 – Allow the contracts to expire on 31 March 2022
5. This option is not viable as there will be a gap before new services are in place for residents. This option is likely to increase the demand for more intensive health and social care services and could jeopardise the future availability of essential buildings not owned by the Council. For these reasons this option is not recommended
6. Option 2 – Undertake a procurement of short-term interim contracts



7. There is insufficient time to undertake a procurement of short-term contracts before 31 March 2022. This option would also detract resources from the procurement of longer-term contracts. The existing contracts are delivering good value for money and good quality services. For these reasons this option is not recommended.
8. Option 3 - Directly award five interim contracts to the incumbent providers
9. The direct award of five interim contracts as set out in Table 1 and Table 2 above will enable service continuity to residents while a new service model based on resident need is coproduced and the pathway is reconfigured. For this reason, this option is recommended.

TABLE 3: Advantages and Disadvantages of 12- and 18-months direct awards

	<b>Advantages</b>	<b>Disadvantages</b>
<b>12 months</b>	<ul style="list-style-type: none"> <li>• Remodelling of the service offer will be faster</li> </ul>	<ul style="list-style-type: none"> <li>• There are current Covid-19 outbreaks in our supported housing services and in staff teams in the mental health system</li> <li>• Staff both in the council and health services will continue to be redeployed and the Covid-19 emergency will take precedence over the longer-term priorities.</li> <li>• There is not enough time to coproduce new services in this timeframe, with face-to-face engagement with residents still not being possible for council staff</li> <li>• The reduction of units within the pathway will need careful planning and the full attention of the councils commissioning, social work and housing teams.</li> </ul>
<b>18 months</b>	<ul style="list-style-type: none"> <li>• More time to develop service resilience</li> <li>• Could go out to tender earlier, extra 6 months provides a cushion</li> <li>• More time for planned moves if</li> </ul>	<ul style="list-style-type: none"> <li>• Low risk of market challenge for the Council due to not going out to tender sooner</li> </ul>

	<ul style="list-style-type: none"> <li>needed</li> <li>Aligning with SBHG timeline of divestment</li> </ul>	
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### Options for timeframes

10. TABLE 4 and TABLE 5 below show the timetables for both 12 and 18 months direct awards

TABLE 4: 12 months procurement timetable

What	When
Phase 1 – Co-production	
Co-production with residents	Ongoing until March 2023
Engagement with existing providers and landlords	Ongoing until March 2023
Phase 2 – Governance and decision-making	
Governance	May 2022- September 2022
Cabinet approval of procurement strategy	September 2022
Phase 3 – procurement and mobilisation	
Development of tender and contract documentation	April – August 2022
Procurement phase launched	September 2022
Tender process	September – October 2022
Tender evaluation	October 2022
Moderation and decision on preferred bidder	August 2022 November 2022
Contract awards and governance	August – September 2022 November – December
Contracts mobilisation	January– March 2023
Service commencement	April 2023

TABLE 5: 18 months procurement timetable

<b>What</b>	<b>When</b>
<b>Phase 1 – Co-production</b>	
Co-production of the service model and specification of the new services with residents	Ongoing until September 2023
Engagement with existing providers and landlords	Ongoing until September 2023
<b>Phase 2 – Governance and decision-making</b>	
Governance	November 2022- February 2023
Cabinet approval of procurement strategy	March 2023
<b>Phase 3 – procurement and mobilisation</b>	
Development of contract documentation	Nov 2022-February 2023
Procurement phase launched	March 2023
Tender process	March – April 2023
Tender evaluation	May 2023
Moderation and decision on preferred bidder	May 2023
Contract awards and governance	May – July 2023
Contracts mobilisation	July – October 2023
Service commencement	October 2023

### **Reasons for Decision**

11. The contracts listed in Table 1 all expire on 31 March 2022. A procurement strategy covering the future proposals for the contracts will be taken to Cabinet at the latest in March 2023.
12. The direct award of five contracts as set out above will:
  - Enable service continuity to residents while: the new service model is developed with residents; the pathway is reconfigured, and new contract arrangements are put in place;

- Allow time to mitigate against the disruption of access to mental health services due to Covid-19;
- Allow time for meaningful co-production and recommissioning. A coproduction timetable will be provided as an Appendix to the Procurement Strategy.

## Social Value

13. It is a requirement that all contracts let by the council with a value above £100,000 provide social value commitments that are additional to the core services, to the value of at least 10% of the contract.

TABLE 6: Social Value commitments across the five contracts

Organisation/contract	Contract Value per annum	Social Value: % of total contract value	Highest Value Commitment Summary
London Cyrenians Housing – North West cluster service	£526,856	24.86%	3 local direct employees (FTE) hired on contract for one year or the whole duration of the contract, whichever is shorter
Lookahead – North East cluster service	£409,740	43.69%	3 local direct employees (FTE) hired on contract for one year or the whole duration of the contract, whichever is shorter
Single Homeless Project (SHP) - Central cluster service	£339,240	39.57%	2 local direct employees (FTE) hired on contract for one year or the whole duration of the contract, whichever is shorter
Hestia North South Cluster	£514,504	10.00%	1 local direct employees (FTE) hired on contract for one year or the whole duration of the contract, whichever is shorter

14. The social value offer for each contract in this paper were evaluated internally by the commissioning team. All four contractors have indicated a minimum 10% social value contribution (see table below).
15. The commissioning team have committed to monitoring and performance managing social value commitments. The commissioning team are advised to monitor outcomes and work closely with contractors to ensure each understands and adheres to their commitments to delivering local social value benefits.

*Implications completed by: Oliur Rahman, Head of Employment and Skills - Economy*

*Date signed: 22/03/22*

## **Equality Implications**

16. recommendations in this report aim to ensure continuity of service and officers anticipate there will be no negative impact on protected groups under the Equality Act 2010. The following procurement strategy for the future service will include a full equality impact assessment.

## **Risk Management Implications**

17. The report recommends extending the existing contracts which were the subject of direct award in 2020. Given the Council's need to divert significant resource to respond to the Covid-19 pandemic it is understandable that the full procurement of these services has been delayed. To assist with mitigating the risk of challenge, officers should ensure that the timetable is adhered to. Adopting a project approach with appropriate governance to oversee the procurement would assist with achieving this. The services being provided by the providers are essential in providing support to some of the most vulnerable residents in the borough.

*Implications completed by David Hughes, Director of Audit, Fraud, Risk and Insurance, Tel: 07817 507 695 Date signed: 26/01/22*

## **Climate and Ecological Emergency Implications**

18. As part of their social value commitments the 5 providers have made climate and ecology commitments including:
- Improving biodiversity by using garden spaces to improve health, wellbeing:
  - Residents taking a more proactive role in terms of recycling in each service
  - Reducing air pollution by staff riding their cycles to and from work

*Implications verified by: Hinesh Mehta Strategic Lead – Climate Emergency. Tel 07960 470125 Date signed: 17.01.2022*

## **Social Value**

It is a requirement that all contracts let by the council with a value above £100,000 provide social value commitments that are additional to the core services, to the value of at least 10% of the contract.

The social value offer for each contract in this paper were evaluated internally by the commissioning team. All four contractors have indicated a minimum 10% social value contribution (see table below), three of these contractors have indicated a substantially higher social value contribution than the minimum requirement. London Cyrenians Housing stands out as an outlier, at 98% proposed social value and realistically is unlikely to deliver true local social value to the proposed amount indicated. However, having reviewed the

proposals, this contractor has adequate plans in place to achieve at least the minimum 10% requirement as additional value for the benefit of local residents, business and the area.

The commissioning team have committed to monitoring and performance managing social value commitments. The commissioning team are advised to monitor outcomes closely to ensure that each contractor understands and adheres to their commitments to delivering local social value benefits.

*Implications completed by: Oliur Rahman, Head of Employment and Skills - Economy  
Date signed:22/03/22*

## **Consultation**

19. All the incumbent providers have been consulted with regarding the proposals in the report.

## **Digital Services and Information Management Implications**

### **IT Implications:**

20. There are no IT implications resulting from this report.

### **IM Implications:**

21. The suppliers will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.

*Implications completed by Karen Barry, Strategic Relationship Manager, IT Services, Tel: 0208 753 3481 Date signed:19/01/2022*

## **List of appendices:**

**Exempt Appendix 1- Overview of Stepdown bed/Private Rented Sector pilot**