

<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>8 MAY 2017</b></p>	
<p><b>STREET OUTREACH CONTRACT, DIRECT AWARD</b></p>	
<p><b>Report of the Cabinet Member for Housing, Cabinet Member for Health &amp; Adult Social Care and Cabinet Member for Social Inclusion</b></p>	
<p><b>Open Report</b></p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt information</p>	
<p><b>Classification - For Decision</b>  <b>Key Decision: Yes</b></p>	
<p><b>Consultation</b>  St Mungo's  ASC Commissioning  HRD Finance  Shared Services Legal  Shared Services Risk Manager  Corporate Services Procurement Team</p>	
<p><b>Wards Affected: ALL</b></p>	
<p><b>Accountable Director: Jo Rowlands - Housing, Growth &amp; Strategy</b></p>	
<p><b>Report Author:</b> Lucy Baker – PATHS  Manager, Housing Solutions</p>	<p><b>Contact Details:</b>  Tel: 020 8753 4164  E-mail: lucy.baker@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1 This report seeks approval to maintain existing Street Outreach services until the Council's Rough Sleeping Commission has reported its findings and these can properly inform a procurement exercise for new contracts. In order to maintain this service continuity until 2019 the report also seeks approval to waive the Council's Contract Standing Orders, in respect of the normal competition requirements for this interim contract and directly award a contract to St Mungo's for the period commencing on 1 August 2017 and ending on 31 March 2019.
- 1.2 The provision of a Street Outreach Service is a statutory requirement and the contract provides an essential service to rough sleepers. The current contract

is due to expire on 31 July 2017; there are no further provisions to extend the contract.

## **2. RECOMMENDATIONS**

- 2.1 To approve the direct award of an interim Street Outreach Contract to St Mungo's from 01 August 2017 to 31 March 2019 to continue the current service at a total cost as stated in the exempt report.
- 2.2 In accordance with Contract Standing Order 3.1, to agree to waive Contract Standing Order 11.2 which requires that tenders be sought for contracts of the value of the one proposed.

## **3. REASONS FOR DECISION**

- 3.1. The St Mungo's Street Outreach Response Team (SORT) is an essential statutory service to locate and work with rough sleepers and people engaged in street-based activity.
- 3.2 Cabinet have recently approved the contract extensions for several supported housing services for homeless people until 31 March 2019. Aligning the Street Outreach Contract with those services will allow officers to develop a procurement strategy jointly with Adult Social Care and consider the potential for joint commissioning by looking across service provision and budgets. It will also allow officers sufficient time to undertake a full options appraisal and market engagement activity.
- 3.3 A direct award will also allow officers time to analyse and implement the findings and recommendations of the Council's Rough Sleeping Commission which is expected to report in early Autumn 2017, and the outcomes of the DCLG Rough Sleeping Grant bid. These outcomes will be essential to ensure that any new service specification for a Street Outreach Team is fit for purpose to address the needs of rough sleepers, improve outcomes for rough sleepers, and ensure best value for money. A tender at this stage would not benefit from the learning of the Commission or the bid.

## **4. PROPOSAL AND ISSUES**

- 4.1 The St Mungo's Street Outreach Response Team (SORT) works with rough sleepers and people engaged in street-based activity (such as begging and street drinking) who are vulnerable and have a range of support needs, including substance misuse; poor physical and mental health; dual diagnosis; offending histories, immigration issues; and non-engagement with or exclusion from services.
- 4.2 The St Mungo's staff work shifts, they go out and find rough sleepers and people engaged in street-based activity within the Borough of Hammersmith and Fulham. In 2015/16 the service formally verified 241 people as sleeping rough in the Borough, and this year have verified 232 rough sleepers.

- 4.3 The Street Outreach Team facilitate engagement with rough sleepers, carry out needs assessments, make onward referrals to hostels or other types of accommodation, take them to an emergency shelters and make referrals to a variety of specialist agencies. Through advice sessions at the Day Centre in Shepherds Bush, they provide support to rough sleepers or people who are at risk of rough sleeping to access benefits, housing, healthcare etc. They also attend and chair regular partnership meetings to address the needs of rough sleepers or people engaged in street-based activity and carry out additional outreach shifts and co-ordinate extra accommodation provision during periods of extreme weather. Their support is ongoing until the person is successfully housed or referred to another agency.
- 4.4 The Council is currently reviewing how to meet the needs of rough sleepers and people who are at risk of rough sleeping, to achieve the goal of zero rough sleeping in Hammersmith & Fulham. By granting a direct award until 31 March 2019 officers will have sufficient time to consider the impact of several new council initiatives to address homelessness as part of a strategic review to determine the future commissioning and procurement strategy for rough sleepers and supported housing services.

#### **Procurement Strategy**

- 4.5 Cabinet have recently approved the contract extensions for several supported housing services for homeless people until 31 March 2019. A direct award for the Street Outreach Contract until 31 March 2019 will align these important contracts for homeless services together. This alignment will enable officers to develop a joint procurement strategy with Adult Social Care and consider the potential for joint commissioning by looking across service provision and budgets.
- 4.6 A full procurement strategy for these services will be developed and is expected to be in place by February 2018. A direct award of the contract to St Mungo's until 31 March 2019 will allow officers time to pilot, analyse and implement new Street Outreach Service delivery plans, as set out below, to improve future outcomes, service delivery and value for money when designing a new service specification. This time will also allow officers to undertake a full options appraisal and market engagement activity. There will be a risk to achieving best value and optimum service specification if this process is not given sufficient time. Therefore, a direct award of a contract to 31 March 2019 is recommended.
- 4.7 In October 2015, responsibility for the Street Outreach Team contract was transferred from Community Safety to Housing & Regeneration. This has resulted in a different approach to preventing and managing rough sleeping in the Borough by changing the focus from enforcement to support and social inclusion. Since then, officers have identified gaps in the provision of specialist services to rough sleepers such as access to mental health and substance misuse services. Officers must carry out a detailed service review to understand demographics and trends and engage key partners, for example in Public Health, as this will inform our requirements in any new contract.

### **Rough Sleeping Commission**

- 4.8 The Council has implemented an expert-led Rough Sleeping Commission. The key objectives of the Commission are; to identify areas of good practice; to identify gaps in current provision for people that are rough sleeping in this borough; and, crucially, to formulate recommendations for interventions and/or service re-design to deliver better outcomes to prevent people from becoming rough sleepers, and to improve the service to those who are sleeping rough.
- 4.9 The Commission is expected to report in early Autumn 2017, which coincides with the expiry of the current St Mungo's Street Outreach contract. The Commission's findings will be essential when designing a new service specification and the Council is at risk of not taking into account the Commission's work should it procure this service now. By granting a direct award to St Mungo's until 31 March 2019 officers can fully consider the Commission's findings, pilot any reasonable recommendations, and ensure that we design a new service specification which reflects the recommendations of the Commission and needs of rough sleepers.

### **DCLG Rough Sleeping Grant**

- 4.10 In November 2016, the Council successfully bid for money through the DCLG's Rough Sleeping Grant. The DCLG will be working closely with the Council throughout the lifetime of the grant to capture data and learn about the causes of, and solutions to, rough sleeping.
- 4.11 The bid was submitted in partnership with St Mungo's. The grant funding is separate to the Street Outreach Contract funding as it is for a bespoke project. Through this project we expect to prevent homelessness and see a reduction in the number of people becoming rough sleepers. By granting a direct award to St Mungo's until 31 March 2019 we can ensure that the implementation of the DCLG bid is successful. Furthermore, as the grant money is time limited the DCLG expects that the project will be built into future service delivery, so a direct award will allow officers to evaluate the bid and integrate it into a newly designed Street Outreach service specification. The Council is at risk of not maximising service delivery or best value for money if it were to tender whilst the DCLG bid is being implemented.

### **DCLG Social Impact Bond**

- 4.12 The Council will also benefit from the DCLG's Social Impact Bond. The Council is at risk of not maximising service delivery or best value for money if it were to tender before the Social Impact Bond was implemented.

### **Housing First Pilot**

- 4.13 Housing First is an innovative model to enable the provision of housing to homeless people with the most complex needs who do not manage well in a hostel setting and have been repeatedly evicted and excluded from services. The Housing First model has been implemented in several other local authority areas including Camden and Brighton and we have been piloting this model locally. The aim of the pilot is to understand if the Housing First model can deliver better outcomes for rough sleepers with complex needs and therefore deliver value for money in Hammersmith & Fulham.

- 4.14 Evidence suggests significant potential for the Housing First model to achieve good results but there are several risks; therefore, it is recommended the Council fully evaluates the pilot. A procurement of a new Street Outreach Contract now would not benefit from the learning of the pilot with the risk of not achieving the optimum service configuration or best value for money.

**Added Value**

- 4.15 Contained in the exempt report on the exempt Cabinet agenda.

**Location**

- 4.16 The Street Outreach Team work shift patterns across the day, night and weekends. Their office is based in the Day Centre in Market Lane, Shepherds Bush and they work flexibly from this location. The Day Centre is a purpose-built building which offers a range of important services to rough sleepers and other vulnerably housed people such as access to advice, healthcare, and training. This building also accommodates the No Second Night Out service for new rough sleepers. Any new tender will require a provider to operate from a suitable location, but by granting a direct award to St Mungo's the current location arrangements will continue which is of great benefit to service users, residents, and the Council.

**5. OPTIONS AND ANALYSIS OF OPTIONS**

**Do nothing**

- 5.1 This is not an option as the Street Outreach Contract expires on 31 July 2017 and it is a statutory requirement to have one. Rough Sleepers are vulnerable and they will be at risk if the service ends without alternative arrangements in place. There is also a reputational and legal risk to the Council if no Street Outreach Service is in place. For these reasons this option is not recommended.

**Re-procure the Street Outreach Contract**

- 5.2 The Council could undertake a full re-procurement; however, this will not be achieved by 31 Jul 2017 so a period of direct award will still be required. In addition, a full re-procurement will not allow for the findings and recommendations of the Rough Sleeping Commission and DCLG bid to be taken into consideration, nor allow us to evaluate the added value service model proposal as set out in Section 4 above. For these reasons this option is not recommended.

**Make a Direct Award of a Contract to St Mungo's to Continue the existing service to 31 March 2019**

- 5.3 For the reasons set out in Section 4 above it is recommended the Council waives the Contract Standing Orders and makes a direct award of the contract for the Street Outreach Service to St Mungo's Broadway from 01 August 2017 to 31 March 2019 to continue the current service. This option will enable the Council to maintain service quality and continuity while the Commission reports back and the DCLG bids are implemented, to develop a full procurement strategy, market assessment and options appraisal, and to explore potential future service models to inform a new Street Outreach service specification. The contract is delivering a good quality service and

good outcomes and will bring considerable added value during the direct award period through proposed service improvements and savings. This investment directly benefits rough sleepers and the Council. For these reasons this option is recommended.

## **6. CONSULTATION**

- 6.1 No formal consultation has been carried out regarding the recommendations in the report. The views of key stakeholders have been sought and taken into account in the report's recommendations. St Mungo's have confirmed that they can continue to provide the service for the additional period if it is awarded.

## **7. EQUALITY IMPLICATIONS**

- 7.1 As service continuity and service delivery will be maintained there are no adverse or negative impacts upon protected groups. The service improvements as set out above will mean that there will be a neutral or a positive impact.

## **8. LEGAL IMPLICATIONS**

- 8.1 Contained in the exempt report on the exempt Cabinet agenda.

## **9. FINANCIAL IMPLICATIONS**

- 9.2 Contained in the exempt report on the exempt Cabinet agenda.

## **10. IMPLICATIONS FOR BUSINESS**

- 10.1. The Street Outreach Team work closely with a range of third sector organisations to enhance their service to rough sleepers. The proposed new staffing model will further strengthen the partnership work between St Mungo's and the third sector, for example by ensuring rough sleepers have access to specialist services.

## **11. COMMERCIAL AND PROCUREMENT IMPLICATIONS**

- 11.1 The Interim Head of Procurement supports the report's recommendations. These should be seen alongside other recent Cabinet decisions made on 5<sup>th</sup> March 2017 agreeing to continue existing service arrangements whilst the Council fundamentally reviews the provision of services to homeless people and rough sleepers. This review includes a pilot of a re-modelled service and a Commission, neither of which will conclude and report their findings until later this year. The Council does not therefore, at this moment in time, have the clarity and certainty needed to undertake an efficient procurement for new long-term contracts.
- 11.2 Previous reports to Cabinet have indicated that new contracts for the remodelled service may not be ready to commence until Spring 2019. As such, awarding an interim contract to St. Mungo's for outreach services until

31<sup>st</sup> March 2019 makes sense. It will help ensure strategic alignment and, in respect of value of money, deliver an enhanced service and anticipated savings over the interim period until the remodelled service starts.

- 11.3 The Interim Head does not consider the alternative (that of running a competitive tendering exercise for a contract commencing August 2017) commercially attractive. It is likely the review and Commission will result in a re-modelled service. A competition run at this moment in time would therefore only be for a short-term contract. Given this shortness, the investment of time and money needed for tender preparation and submission – at risk if the bid is unsuccessful - and the possibility that TUPE might apply, the incumbent would hold significant competitive advantages and it is highly unlikely that other organisations would bid. A more productive use of available Council resource would be to ensure that the procurement for the new reconfigured service is undertaken efficiently and results in positive longer-term outcomes.
- 11.4 Implications provided by John Francis, Interim Head of Procurement (job-share) 020-8753-2582.

## 12. OTHER IMPLICATIONS PARAGRAPHS

- 12.1 No additional risk comments required.
- 12.2 Implications verified/completed by: Michael Sloniowski, Shared Services Risk Manager, Tel: 0208 753 2587.

## 13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1	Combined Homelessness and Information Network (CHAIN) Report 2015/16, H&F - published	Lucy Baker, x4164	Housing Solutions, 145 King Street

### LIST OF APPENDICES:

None