

Notice of Key Executive Decision

Subject Heading:	Shared Housing Complex Needs – Contract Award Report
Decision Maker:	Patrick Odling-Smee, Director of Housing
Cabinet Member:	Cllr Paul McGeary
SLT Lead:	Patrick Odling-Smee, Director of Housing
Report Author and contact details:	Katri Wilson Katri.wilson@havering.gov.uk Telephone 01708 434581
Policy context:	Communities Theme: The needs of our most vulnerable residents are identified and met. We are proposing to designate some of our shared housing units to people with low to medium complex needs and propose to delegate housing management and support provision to a specialist provider via a sublease to help support this vulnerable cohort of residents.
Financial summary:	A potential £30,000 one off payment in the first phase of the programme. The remainder of the contract value (£3.9m) relates to funds claimed directly by the support provider from housing benefit.
Reason Decision is Key	Expenditure or saving (including anticipated income) of £500,000 or more
Date notice given of intended decision:	6 September 2022

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Is it an urgent decision?	No
Relevant OSC:	Places OSSC
Is this decision exempt from being called-in?	No

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input checked="" type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

Place an X in the [] as appropriate

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

To award a 10 year contract to Penrose Options (Social Interest Group with Company No. 08466743) at a total value of £3,930,000;

AUTHORITY UNDER WHICH DECISION IS MADE

3.3 Powers of Members of the Senior Leadership Team

Members of the Senior Leadership Team (SLT) have delegated authority to act as follows within the assigned service service/portfolio of responsibilities, subject to the general provisions and limitations set out in section 3.1 above.

Contract powers

(b) To award all contracts with a total contract value of between £500,000 and £5,000,000 other than contracts covered by Contract procedure Rule 16.3.

STATEMENT OF THE REASONS FOR THE DECISION

1. Service Overview

The Council have been leasing a number of shared housing units from private landlords where single people presenting as homeless are placed. Increasingly, people have been presenting with various underlying conditions such drug, alcohol abuse and mental health issues, and require on-site staff supervision and support to live in the community. Placing these individuals in our standard shared housing units has been problematic, with some placements failing. We have considered a number of different options for delivering this service.

We have piloted one of our shared housing units in Harold Hill for the purpose of seeing if a sustainable model for housing people with low to medium complex needs could be delivered. This involved providing a service which included 24-hour staffing to enable supervision and support to be delivered. Furthermore the pilot also aimed to ensure that neighbours living nearby are not adversely affected by residents. Staff have engaged with other services such as Probation, Police, Drug & Alcohol services and Adult Social Care to support and supervise the individuals living in the scheme.

The cost of providing the pilot service covering 6 units was high resulting in the Council directly providing a housing management service with an external support provider offering support to residents. The total amount spent on the support service at this shared housing unit equated to £2450 per week, or £127,400 per year. As a unitary local authority, we are only able to recover rental costs per unit at the standard local housing allowance rate.

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By subleasing the management of the shared housing units to a charity with specific expertise in this area, an enhanced rate of housing benefit is payable which more accurately reflects the full cost of providing a comprehensive housing management and tenancy support service. Under current housing benefit rules, unitary authorities such as LB Havering are not eligible to claim enhanced rates of housing benefit payable for providing intensive housing management and tenancy sustainment services. However, through subleasing to a non-unitary authority or a specialist supported housing provider, the following service costs can be recovered via housing benefit:-

- Concierge
- Housekeeping/Cleaning
- Intensive housing management
- CCTV
- Furniture

2. Contract Design Considerations

This procurement aimed to source a specialist supported housing provider to sublease from us about 30-35 rooms to accommodate this client group as and when they present themselves as homeless via direct nominations and where the council has a legal duty to assist specific individuals. The service is designed to be delivered across about 6 or 7 individual properties which would either be leased directly or subleased from the Council.

In order to encourage suppliers to bid, the Council made available a £30,000 start up payment. In addition a supplier would be able to access rent and intensive housing management payments from the Housing benefit service. The contract was designed so that the rent would be collected by the provider and reimbursed to the Council who will in turn pay the shared housing landlords.

The Council also agreed to underwrite some potential void loss experienced by the Service Provider.

In order to mitigate any risks to the Council, break clauses in the Head and Sub Lease will be written back to back and will also be included in the contract documents issued to the successful service provider.

3. Property Leasing

The Council currently leases a number of properties from private landlords. Discussions have taken place with individual landlords who are in agreement for their property to be included in this scheme. This will involve the Council subleasing their properties to the supplier for the duration of the lease term. A new head lease has been designed by the Council's legal service for this purpose. This was approved by the Theme Board in January 2022 (a copy of the report in relation to this decision is enclosed). It is now intended that a sublease will then be entered into alongside this contract between the Council and supplier.

In addition, some properties that the Council owns directly have been included in this scheme. This will mean that the need for both a head lease and sub-lease will be negated for these properties. The Council owned properties will be leased directly to the supplier.

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In order to provide flexibility in the contract in terms of property type, all parties have the option of ending a lease via a series of break clauses that operate throughout the lease term. These allow for 6 month notices to be served to end the leases.

A separate report will be submitted shortly seeking authorisation to award either leases or subleases to the supplier in order for them to be able to deliver this service.

4. Financial Considerations

The contract fee over the 10 years period has been estimated at £3.93m. Of this, the Council will fund £30,000 directly from the Council's General Fund to pay the successful supplier to mobilise their operation. This seed funding will enable the service to commence. The remaining £3.9m of cost comes directly from housing benefit claims submitted by the supplier on behalf of the clients they are housing and supporting. Although these monies are coming from a housing benefit award, the contract fee includes the totality of the monies a provider can raise from the opportunity as the Council is enabling the provider to take control of assets associated with the activity.

5. Procurement Process

In order to meet Council objectives to ensure that there is a service that effectively meets the needs of these residents, the Council invited prospective bidders to demonstrate how they will be able to deliver the service on the basis of the fixed sums available.

The services required were categorised as 'light touch' under the Public Contracts Regulations 2015 (as amended). The contract opportunity was advertised on the 'Find a Tender' and 'Contracts Finder' platforms.

Suppliers were required to respond to the following:-

- A Selection Questionnaire (SQ)
- A range of quality questions which covered the following sub-categories:-

- Technical Experience;
- Housing Management
- Resource Management
- Health and Safety
- Intensive Housing Management and Support
- Multi-agency working
- Implementation & Mobilisation

We also obtained approval via a waiver to the council's required 70:30 price : quality evaluation criteria ratio. That waiver was to enable us to award solely on 100% quality. This decision was taken as it would have been difficult to differentiate between suppliers on the basis of price as apart from the £30k mobilisation payment, the services would be funded directly by Housing Benefit.

6. Market Response

Following the publication of the ITT, we had expressions of interest from a small number of organisations who had downloaded the ITT documents. This resulted in a large number of clarification questions being received.

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7. Procurement Evaluation

An evaluation panel was drawn from representatives from across a number of different managers within the Supported Housing Division of Housing Services. Each evaluator was allocated questions to evaluate based on their area of expertise.

Following the individual marking exercise, scores were then moderated via an exercise facilitated by the Strategic Procurement Team.

8. Procurement Outcome - Results

As there was only one supplier who submitted a bid, the moderation process was undertaken to assess whether (1) the supplier was able to deliver the service to a standard that met our quality thresholds and (2) that a consensus score could be allocated to each response in accordance with the scoring scheme set out in the invitation to tender.

Following this process, it was the unanimous verdict of the evaluators that the tender submitted by Penrose Options did meet the quality threshold set.

9. Mobilisation and Planning

Should this proposal be agreed, it is intended that we will undertake contract mobilisation arrangements during October 2022. The new contract would then commence from 1st November 2022.

10. Contract Management

The contract will be managed by the AD Supported Housing. Monthly meetings will take place between the Council and the supplier due to the range of interdependencies which need to be managed between the Council, private landlords and the supplier.

OTHER OPTIONS CONSIDERED AND REJECTED

We have considered delivering this service in house however this was rejected as an option for the following reasons:-

- Lack of expertise in delivering this type of service
- Ineligibility to access enhanced housing benefit payments

Instead of offering this service, we could have placed clients in hotels/B&B's. This option was also rejected for the following reasons:-

- Option was considered expensive
- Unable to offer intensive housing management from this accommodation type

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Not applicable

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Katri Wilson

Designation: Assistant Director Supported Housing

Signature:

Date: 7th October 2022

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has a statutory duty under the Housing Act 1996 to ensure that applicants who are homeless and eligible for assistance have reasonable accommodation. Furthermore, the Care Act 2014 places a general duty on local authorities to meet the needs of a person who needs care and support including suitability of living accommodation.

To comply with such statutory duties, and following a competitive procurement process, Housing Services seek approval to award a contract to Penrose Options.

Procurement Officers have confirmed that the proposed service is classed as a Light Touch Service under Schedule 3 of the Public Contracts Regulations 2015. The total value of the procurement was well above the Light Touch Regime threshold and a Contract Notice was published on the UK e-notification service, 'Find a Tender' as well as on Contracts Finder.

The tender received was evaluated in accordance with the Council's pre-determined best price-quality ratio of 70% cost and 30% quality. Officers have satisfied themselves that the bid submitted by Penrose Options, represented best value for the Council overall.

FINANCIAL IMPLICATIONS AND RISKS

It is noted that with the exception of the initial £30,000 mobilisation payment, the funding for this service is not coming directly from Council funds. Securing funding is primarily the responsibility of the supplier to organise with the Housing Benefit Service.

Rents for the properties leased will need to be paid by the supplier each month. In order to mitigate financial risks, it is recommended that the Council inserts a clause in the contract to ensure that the supplier pays the rent charges due by a specific date each month. Contractual penalties could be applied if payments are late.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The proposed new supplier is the incumbent that has delivered the pilot scheme. Therefore, TUPE does not apply.

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;

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(iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. socio-economics, respectively.

It is recommended that as part of future clienting arrangements, the Contract Management Team check the operation of Penrose's Equality Scheme and if necessary, undertake a full Equality Impact Assessment.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

This service has been specifically designed for residents with certain health and wellbeing needs. Many clients will have drug, alcohol or mental health conditions. The service specification will enable a service provider to obtain enhanced housing benefit payments to provide the various elements of intensive housing management and support to residents living in the accommodation included within the scheme. The service specification includes requirements to provide a range of activities to facilitate tenancy sustainment.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

In order to mitigate some aspects to the environment and climate change, there are some elements in the service specification where the supplier is required to provide information and advice to residents. Examples include:-

- Effective energy management
- Recycling
- Healthy eating and household management

BACKGROUND PAPERS

None

APPENDICIES

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed

Name: Patrick Odling-Smee

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

Lodging this notice

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____