

AGENDA ITEM: 20

Page nos. 143 - 151

Meeting

Cabinet Resources Committee

Date

28 February 2012

Subject

Provision of Move-On Housing for People with Mental Ill-Health

Report of

Cabinet Member for Adults

Summary

This report recommends (1) waiver of Contract Procedure Rules to enable: a) the variation and b) extension of a contract between the Council and One Housing Group for support services for people with mental illness; and (2) seeks authority to vary and extend the contract, with One Housing Group, accordingly.

Officer Contributors

Kate Kennally, Director of Adult Social Care and Health

Status (public or exempt)

Public

Wards affected

All

Enclosures

Appendix 1 – Contract Schedule

For decision by

Cabinet Resources Committee

Function of

Executive

Reason for urgency / exemption from call-in (if appropriate)

Not applicable

Contact for further information:

Heather Bates, Adult Social Care and Health
heather.bates@barnet.gov.uk 020 8359 4940

1. RECOMMENDATIONS

1.1 That the Committee:

1.1.1 waive the requirements of Contract Procedure Rule 5.6.1 to enable the variation and extension of the contract between the Council and One Housing Group for provision of the services identified in Appendix 1 to this report;

1.1.2 authorise the extension and variation of the relevant contract with One Housing Group for provision of the services, identified in Appendix 1, until 31 October 2013. The contract value is £710,801 with an annual spend of £473,868.

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet Resources Committee, 30 March 2006 (Decision item 18) – noted the arrangements for the administration of the Supporting People programme and approved the extension of certain contracts for housing related support services for 12 months until 31 March 2007.

2.2 The Cabinet Resources Committee, 28 November 2006 (Decision item 21) – approved the extension of contracts for certain other housing related support services until 31 March 2008.

2.3 Cabinet Resources Committee, 25 March 2008 (Decision item 13) – approved the extension of certain contracts for housing related support services due to be tendered during 2009/10 until 31 March 2010 and the extension of contracts for certain other housing related support services until 31 March 2011.

2.4 Cabinet Resources Committee, 7 November 2011 (Decision item 10) – approved a limited extension of certain contracts for Adults' and Children's services until 31 May 2012.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The contract with One Housing Group for the services specified at Appendix 1 is delivered as part of Barnet's prevention programme to help vulnerable people to live independently and safely in the community. The grant of authority, in accordance with the recommendations of this report, will enable the use of an additional eight units of housing with support.

3.2 Provision of suitable housing with support as an alternative to residential care and other high-cost provision for people with substantial disabilities serves the three priorities of the Council's Corporate Plan:

- Better services with less money
- Sharing opportunities, sharing responsibilities
- A successful London suburb

3.3 Residential care services arranged by the Council for people with mental illness cost £2.3 million per year. Timely provision of suitable housing, with support, through the not for profit sector, as an alternative to more expensive provision, enables more people to live independently in settled accommodation and to take more responsibility for their lives as Barnet citizens. It also achieves significant cost savings for the Council.

- 3.4 The Council is responsible for ensuring that value for money is obtained from public expenditure and that better services are delivered with less money. The variation and extension of the contract with One Housing Group represents an opportunity to provide additional supported housing within the current contract value by adjusting the staffing levels of the two services provided under the current contract.

4. RISK MANAGEMENT ISSUES

- 4.1 The variation of the contract with One Housing Group is intended to enable the Council to provide an additional eight units of supported housing. This would prevent the risk of unnecessary expenditure by the Council on services for people able to move on from high-cost services to more independent living.
- 4.2 In the view of officers, the opportunity for One Housing Group to purchase the accommodation offered by Christian Housing Action Association without any cost to the Council, as explained in 9.6 below, will be lost if the contract is not extended. Christian Action Housing Association has made it clear that the accommodation will be advertised for sale on the open market within the financial year if the Council declines to make use of it.
- 4.3 A financial assessment of One Housing Group has identified risk in terms of the organisation's financial stability as summarised in Paragraph 6.3. However the potential impact of such risk is considered low for the following reasons:
- 4.3.1 Confirmation from the Council's Housing Development Team that there is little precedent for default of registered housing providers and of contracts being terminated in an unplanned way.
 - 4.3.2 Known cases have transferred assets and obligations to other registered housing providers brokered or facilitated by national regulatory and support bodies concerned with the delivery of social and supported housing
 - 4.3.3 The timescale for such transitions has been managed with due regard to tenant safety and participation of all strategic partners
 - 4.3.4 As it is intended that the proposed service would deliver short-term move-on accommodation as part of a recovery pathway, the arrangement of alternate housing would already be in hand for each of the service users.
- 4.4 There is a risk that extension of the contract could result in challenge(s) being brought against the Council. The risk is assessed as being low in view of the specialist nature of the relevant services and the requirement for provision of suitable affordable housing. There is a severe shortage of good quality, affordable accommodation in Barnet suitable for use as supported housing and opportunities to deliver such are increasingly rare.
- 4.5 The risk that the recommended extension and variation of contract would not offer best value for money as compared with a new contract acquired through competitive procurement would be mitigated by the following intended actions:
- 4.4.1 The Council's requirements for the services will be re-specified to define the objectives and deliverables to be achieved over the period of the contract extension.
 - 4.4.2 The contract is outcome focused with well-defined indicators of success and includes clear and enforceable accountabilities for performance and provision for unconditional early termination.
 - 4.4.3 The extension would be for a maximum period until 31 October 2013, with competitive procurement in accordance with Contract Procedure Rules being undertaken during 2013.

- 4.6 Variation and expansion of the services within a single contract will result in better use of Council resources with reduced administrative demands.

5 EQUALITIES AND DIVERSITY ISSUES

- 5.1 Variation and extension of the contract will enable the Council, as part of its prevention programme, to commission housing and support for an increased number of people with mental illness as part of its prevention programme. This is intended to enable more vulnerable people to live as safely and independently as possible.
- 5.2 The Council's contracts for social care and support require providers to comply with quality standards that include best practice concerning equality of service access and delivery. Contract management arrangements are in place to ensure continuous improvement in standards of compliance and will directly support the Council's public duties to eliminate unlawful discrimination and harassment, promote equality of opportunity, and promote good relations between people.
- 5.3 The Council's Procurement Policy is followed in the specification of the provider's relevant duties including the requirement for the provider to have diversity policies concerning employment practice and service delivery.

6. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 6.1 If the variation and extension are approved, the provision of additional supported housing for eight additional clients will be funded from the existing contract value with no additional financial requirement. This will be achieved through negotiation with the provider to reconfigure the services currently provided under the existing contract in order to release appropriate resources for the new provision.
- 6.2 The 18 month contract value is £710,801 with an annual spend of £473,868.
- 6.3 A recent project to provide additional units of supported housing to enable eight people to move on from residential care and similar high-cost accommodation for people with mental illness delivered savings of £348,449 per annum. It is expected that this project will deliver similar levels of savings to achieve the current Medium Term Financial Strategy target for this client group, which is a saving of £300,000 over two years.
- 6.4 A financial assessment of One Housing Group undertaken as part of this exercise focused on the organisation's solvency, debt gearing and debt to asset ratio management, raising a risk that the association might be unable to discharge its contract obligations. Nevertheless, the organisation is rated as a "Very Low Risk Company" by Experian, and as a Registered Provider, its activities are regulated by the Tenant Services Authority. The most recent TSA assessment confirms that the organisation meets the requirements set out in the Governance and Financial Viability standard of its Regulatory Framework. The organisation has responded that as an organisation with a significant commitment to developing affordable homes the balance sheet reflects both property based assets and loans. The Council is aware that its substantial development programme is supported by continued capital allocations from the national Homes and Community Agency.
- 6.5 The financial assessment states that 'the results of the evaluation should be considered as one of the selection criteria rather than the only criterion on which selection is based.' The potential impact of this risk is considered low as summarised in Section 4 of this report.

- 6.6 Expenditure will be contained within the Adult Social Care & Health purchasing budgets.
- 6.7 There are no implications for the Council's staffing, ICT or property.

7. LEGAL ISSUES

- 7.1 The contract, originally between the Council and Umbrella Housing and Care, was entered into on 1 April 2003 for a period of three years until 31 March 2006 and subsequently has been extended as follows:

- 7.1.1 From 1 April 2006 until 31 March 2007
- 7.1.2 From 1 April 2007 to 31 March 2008
- 7.1.3 From 1 April 2008 until 31 March 2011
- 7.1.4 From 1 April 2011 until 31 March 2012

- 7.3 Contract Procedure Rule 5.6 sets out the Acceptance Parameters for Contract Additions, Extensions and Variations and Authorisation Parameters for Contract Novations and Assignments. These provisions include the following:

5.6.1 In the case of an extension to a contract:

5.6.1.1 The initial contract was based on a competitive tender or quotations;

5.6.1.2 the initial contract has not been extended before;

and

5.6.1.3 the value of the extension is less than half the cost of the existing contract without the extension and has a budget allocation.

- 7.4 These criteria are not met as the relevant contract was not compliant with 5.6.1.1 and has been extended on a number of occasions. Hence this report seeks waiver of Contract Procedure Rule 5.6.1.

- 7.5 Contract Procedure Rule 5.6.2 provides that:

5.6.2 In the case of a contract variation and in accordance with the terms and conditions of that contract:

5.6.2.1 the variation is notified to and agreed in writing with the contractor;

5.6.2.2 any additional expenditure necessarily incurred does not exceed 10% of the initial contract.

It is intended that the proposed variation to contract will be subject to agreement in writing with One Housing Group. In addition it will not exceed 10% of the initial contract value, and therefore the requirements of Contract Procedure Rule 5.6.2 will be met.

- 7.6 In considering the recommendations to waive Contract Procedure Rule 5.6.1, the Committee must be satisfied that the waiver would fall within one or more of the four criteria specified in Paragraph 5.8 of the Contract Procedure Rules.

5.8.1 the nature of the market for the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Procedure Rules is justifiable; or

5.8.2 the contract is for works, supplies or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or

5.8.3 *the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English Law); or*

5.8.4 *there are other circumstances which are genuinely exceptional*

7.7 A waiver is sought on the following bases:

7.7.1 Under 5.8.1 because very few units of suitable self-contained accommodation for people recovering from mental illness needs have become available from social housing landlords in recent years. There is consequently continuing dependency on expensive, private sector and often shared accommodation.

7.7.3 Under 5.8.4 because of the rarity of suitable self-contained affordable accommodation for the client group – since 2003 the Council has only managed to secure 19 new units of this type of accommodation for this care group.

7.8 Appropriate legal documentation will need to be drawn up and executed to vary and extend the existing contract.

7.9 Under the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

7.10 Social care services fall within Part B of Schedule 3 to the Public Contracts Regulations 2006 (as amended) and, as such, they are not subject to the full European procurement regime.

8. CONSTITUTIONAL POWERS

8.1 Constitution – Responsibility for Functions – Part 3 – Responsibility of the Executive – Paragraph 3.6 – Responsibility of the Cabinet Resources Committee

8.2 Contract Procedure Rule 5.8 empowers a Cabinet Committee to waive the Contract Procedure Rules where the Committee is satisfied, after considering a written report by the appropriate officer, that the waiver is justified because at least one or more of the criteria, set out in paragraph 7.6 above, is met.

9. BACKGROUND INFORMATION

9.1 This report concerns the extension and variation of a contract with One Housing Group for the sum of £473,867.61 for the provision of support services for people with mental illness, currently comprising two services:

9.1.1 a housing-related support service offering community-based support for up to 100 people with mental illness

9.1.2 a supported housing service for 16 people with mental illness, drug problems and with offending backgrounds, provided in independent flats over 4 locations in the borough

- 9.2 The contract was previously with Umbrella Housing and Care, which was taken over by One Housing Group with effect from 1 April 2011. The contract is in process of novation to One Housing Group.
- 9.3 The original contract with Umbrella Housing and Care was entered into on 1 April 2003 under the national Supporting People arrangements. The contract was subject to strategic review and has been substantially remodelled during its term to maximise strategic relevance and value for money.
- 9.4 The proposal is to further reconfigure the contract so that support can be delivered at an additional location to be funded through a reduction of the community-based support element of the contract. The provision of additional supported housing will provide a higher level of cost saving than the preventative support delivered through the community-based support.
- 9.5 The following criteria were used to inform development of the proposal with One Housing Group:
- 9.5.1 The organisation's willingness to bring forward an asset for the Council's use
 - 9.5.2 The organisation's willingness to reconfigure existing service contracts and deliver a new service for no additional money
 - 9.5.3 Their track record as a provider based on the recently delivered Bevatone House project which delivered significant financial savings for the Council as laid out in Section 6.2
 - 9.5.4 Their specialism in working with people with complex mental health needs
 - 9.5.5 The approach of the provider, demonstrating flexibility and efficiency in decision-making and support of our strategic objectives in terms of moving on and reduction of residential spend
 - 9.5.6 Adduced external criteria that they are a viable and properly governed organisation, based on their most recent assessment by the Tenant Services Authority, as described in Section 6.4.
- 9.6 The additional supported housing location is Refuge 2, a property owned by Christian Action Housing Association, fully refurbished and reprovided into eight self-contained units in 2004. The property currently provides refuge accommodation for women at risk of domestic violence and their children.
- 9.7 Christian Action Housing Association, following a grant from the national Homes & Community Agency, has separately developed new refuge accommodation which completed in January 2012. As a result Christian Action Housing Association has approached Adult Social Care & Health regarding the use of the property currently known as Refuge 2.
- 9.8 One Housing Group has indicated a commitment in principle to acquire the property from Christian Action Housing Association subject to an appropriate commitment regarding its use by the Council. Christian Action Housing Association previously advised the Council that it intends to expose the property for sale on the open market within this financial year should the Council not be able to commit to its utilisation to enable the sale to One Housing Group to proceed.
- 9.9 Having inspected the property the department considers that it is highly suited to provide accommodation in terms of location, design and quality for people with mental illness as an alternative to residential care and as a pathway from hospital enabling prompt discharge.

- 9.10 There is a severe shortage of suitable self-contained supported housing available in Barnet at affordable rents from not-for-profit organisations for people with substantial disabilities, who require less intensive services than those provided in residential care settings but are not yet able to move safely to fully independent housing in the community.
- 9.11 Under the current contract, One Housing Group operate existing services for people with mental ill-health at locations in close proximity to the Refuge 2 property, and have in principle agreed to reconfigure their current services to deliver support at this new location, subject to One Housing Group gaining control of the property for this purpose.
- 9.12 As noted at 9.4, the intention is that the support provided at Refuge 2 will be resourced by adjusting staffing levels provided for the two current services. This is expected to require reductions in the capacity of the community-based support service. Officers are satisfied that these adjustments to enable implementation of the Refuge 2 service will enhance the value for money of the contract and provide a better deployment of resources to benefit this client group.
- 9.13 Support at the Refuge 2 property would be made available round the clock to ensure safe management of overnight support requirements. This would additionally enhance value for money for the overall contract by extending this support to the two services already in operation with the provider, benefiting other people with overnight needs on an on-call basis.
- 9.14 Delivering support on an overnight basis will represent a change in terms and conditions for One Housing Group's current staff. In order to commit to a consultation seeking to deliver this change, One Housing Group requires a commitment from the Council to extend the contract beyond the current expiry date of 31 March 2012 until October 2013.
- 9.15 One Housing Group operates a second contract to provide support to people with mental illness, which expires on 31 October 2013, with discretion to extend the term by a period of up to two years. It is not intended to vary this contract.
- 9.16 It is recommended that the contract expiring on 31 March 2012 be extended to a period coterminous with the second contract expiring on 31 October 2013, enabling a review of requirements for mental health support services and if appropriate a single competitive procurement of services to take place during 2013.
- 9.17 Future procurement plans for supported housing for people with mental illness and learning disability are linked to procurement of a Framework Agreement through competitive tender which is in preparation for implementation during 2012/13, subject to approval by the Commercial Director and the Cabinet Member.

10. LIST OF BACKGROUND PAPERS

10.1 none

Legal: SS

CFO: MC/JH

APPENDIX 1: Contract schedule

Current services

| Provider Name | Service Name | Service ID | Annual contract value |
|----------------------|-------------------------|-------------------|------------------------------|
| One Housing Group | Extended Hours Scheme | 452 | £197,527.77 |
| One Housing Group | Housing Support Service | 453 | £276,339.84 |
| Total | | | £473,867.61 |

Proposed services

| Provider Name | Service Name | Service ID | Annual contract value |
|----------------------|-------------------------|-------------------|------------------------------------|
| One Housing Group | Extended Hours Scheme | 452 | £197,527.77 |
| One Housing Group | Housing Support Service | 453 | Subject to current negotiation |
| One Housing Group | Refuge 2 Service | tba | |
| Total | | | Will not exceed £473,867.61 |

