



## Mayor and Cabinet

### **Report title: Permission to procure Supported Accommodation services.**

**Date** 15/06/2022

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Commissioning Manager – Prevention & Inclusion, Assistant Director, Adult Integrated Commissioning.

### **Outline and recommendations**

Mayor and Cabinet are recommended to give approval for officers to procure a mental health supported housing service by open procurement. The contract will be from April 2023 for 3 years plus the option to extend by 2 further years. The estimated value of the contract across this period will be £2,841,205, an annual value of £568,241. This new contract will be made up of 2 supported housing contracts currently commissioned.

## Timeline of engagement and decision-making

Date	Engagement / decision making
July – April 2020	Project group established for the mental health pathway services
July 2020 – March 2021	Joint Prevention, Inclusion and Public Health Commissioning Team (PIPHCT) / South London and Maudsley Trust (SLaM) review of mental health supported accommodation pathway completed. Including market and service user consultations.
June 2021	Permission to Procure report to Mayor and Cabinet
August 2021	The contracts received no viable tenders .
November 2021	Permission to extend contracts report to Mayor and Cabinet, in order to re-model and procure again
February – March 2022	Project group re-formed to design new contract
April – May 2022	Market warming for the new contract
April 2023	Commencement of new contract

### 1. Summary

- 1.1 The Prevention, Inclusion and Public Health Commissioning Team (PIPHCT) commissions a range of floating & accommodation based support services to meet the needs of homeless service users who require support to manage and maintain their accommodation.
- 1.2 PIPHCT works to align services with the ambitions of Lewisham Council working in partnership with other directorates such as Housing, Children's Social Care, Adult Social Care as well as Southeast London Clinical Commissioning Group to improve access to the supported accommodation & floating support services to maximize effectiveness and strategic use of these services.
- 1.3 This report is recommending the procurement of a supported housing contract for people with serious and enduring mental health needs via open procurement.

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- 1.3 This will be a new contract combining 2 current supported housing contracts.
  - Edward Street, a 18 bed mental health service, with 24 hour cover.
  - Family Action, a 16 bed mental health service, with 9 to 5 cover.
- 1.4 A 5 bed satellite building will be removed from the Edward Street contract, making this a 29 bed contract across 4 buildings.
- 1.5 The predicted total value for the 5 year contract will be £2,841,205.

## 2. Recommendations

- 2.1 Mayor and Cabinet are recommended to give approval for officers to procure a mental health supported housing service by open procurement. The contract will be from April 2023 for 3 years plus the option to extend by 2 further years. The estimated total value of the contract will be £2,841,205, an annual value of £568,241. This new contract will be made up of 2 supported housing contracts currently commissioned
- 2.2 Mayor and Cabinet are recommended to give delegated approval to the Executive Director of Community Services, following stage 1 of the procurement process, to determine the short-listed suppliers recommended to stage 2 of the procurement process as set out in section 5.2.

## 3. Policy Context

- 3.1 The Prevention, Inclusion and Public Health Commissioning Team's (PIPHCT) supported housing funding is an important strand in the delivery of many government priorities. It plays a key role in delivering national strategies such as the; Reducing Reoffending National Plan, the new National Drugs Strategy, and 'Sustainable Communities: Settled Homes Changing Lives'.
- 3.2 The proposed extensions of these contract meets the corporate strategy 2018/22 as follows:

Priority 3, *Giving Children and young people the best start in life*; the renewal of the contract will provide supported housing options for young people aged 16 - 21 including a parent and child scheme that works with young parents aged 16 -21. These schemes support young people with their own personal circumstances including how to maintain independent accommodation.

Priority 5, *Delivering and defending: health Care and Support*; the services within the contract will provide physical and mental health assessments on all service users and where appropriate refer to primary and secondary NHS services. There will be a strong emphasis on education, training and leisure activities to support service users' self-improvement and assist with re integration into the community

Priority 7, *Building safer communities*; the renewal of this contract will support the work within the partnership to combat anti-social behaviour linked to alcohol and drug misuse

## 4. Background

- 4.1 In August 2021 a mental health supported housing contract went to market and received no viable tenders. That lot contained 3 current supported housing contracts:
  - Edward Street, a 18 bed mental health service, with 24 hour cover.

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- Family Action, a 16 bed mental health service, with 9 to 5 cover.
- Newstead Road, a 12 bed mental health service, with 24 hour cover.

- 4.1.1 The Newstead Road contract had been held by Hexagon Housing. In 2021 Hexagon Housing informed the LBL Chief Executive that they were exiting the supported housing sector and would need to hand back the Newstead Road contract by April 2022. This situation presented a firm deadline for finding alternative arrangements for Newstead Road, the incumbent providers for the other 2 service were content to retain their existing arrangements. Following the failed procurement approval was given in, *Part 2 report Supported Housing Contract Award - MC November 2021*, to enter direct negotiations with a provider to take on the whole contract. After these negotiations broke down further approval was granted in *MC Newstead Road Contract Award 2022* to enter into direct negotiations with a second provider to take on just the Newstead Road contract from Hexagon Housing. These negotiations were successful and St Mungo's are due to go live with Newstead Road mid May 2022.
- 4.3 In *Final Permission to Extend Mental Health Supported Housing Services December 2021* approval was given to extend both the Edward Street and Family Action contracts until April 2023 to give officers time to run an open procurement.
- 4.4 A working group made up of senior colleagues from PIPCH, South East London CCG, and SLaM met regularly to make decisions on this procurement. A broad market consultation and needs evaluations was carried out, and is described in *Supported Housing Permission to Procure MC 9 6 21*. Following the failed procurement the same working group meet to decide on the new contract recommended for procurement in this report. The same market consultation and needs evaluation are used to inform the design of this contract, as the two contracts are serving the same service user groups and meeting the same aims. There is a clear and consistent need for this service in the borough, and to meet the key priorities of the council.
- 4.5 The consensus of the working group was that more value for money would be gained by commissioning a contract across the four buildings rather than two separate contracts. The larger contract allows for additional resources to be used across more bedspaces, and to be able to accommodate priority cases for SLaM within the borough.
- 4.6 A number of providers were consulted on why they did not tender for the 2021 contract and asked about viability of the new contract. The primary reason for not making a submission for the contracts was due to the complex building arrangements at Newstead Road. There was a requirement for providers to be a registered landlord and take on the lease for that building. With the removal of the Newstead Road building providers indicated their belief that the new contract would be viable.
- 4.7 Agreement has been given from the landlords of the four buildings remaining in the contract for the building to be used for supported housing. The landlords are all registered social landlords and the successful provider would need to enter into a building management arrangement.

## 5 Procurement Method

- 5.1 The recommended contract length will be 3 years plus the option to extend by 2 further years. The estimated value of the contract will be £2,841,205, an annual value of £568,241. Given the value of the contract open competitive tender is recommended for the contract. Tenders to the contract will be managed through the ProContract portal.
- 5.2 The proposed procurement route is a restricted tender following public advertisement

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(with the flexibility allowed under the Light Touch Regime). This will include a shortlisting stage so only 5 suppliers with the technical experience & capability are invited to make a full tender submission.

- 5.3 A two stage market warming event is taking place in April and May 2022. The two stage event is advertised on the ProContract portal. The first stage has been held on Microsoft Teams and was attended by 70 individuals. The focus of the first event being a presentation of the contract to generate interest and engagement. The second stage will be held in person, the focus of this event is to workshop 3 key questions which came out of the first market warming. Officers will re-draft the service specification and method statement questions based on the output from this second event.
- 5.4 The intention was to involve service users in all stages of the procurement. Due to turn over of key staff in the PIPHC team, officers are unable to consult service users on the method statement questions and the contract design. Officers intend to recruit service users to moderate tenders at panel. Support and training will be provided to service users who agree to participate in the evaluation and moderation process
- 5.5 The method statement questions and service specification has been designed based on the needs assessment and consultations from 2021. The service specification has been further updated to reflect the the service redesign following the failed procurement. The service has been redesigned from the 2021 contract. For details on needs assessment and consultations please see *Supported Housing Permission to Procure MC 9 6 21*. The service requirement will be provider 24 hour cover at the main building site and provide flexible visiting support to the 3 other buildings.
- 5.6 Opportunity to view the four buildings will be given to all tendering organisation while the contact is live on the portal. LBL officers will facilitate these viewings.

## **6 Financial implications**

- 6.1 The contract will be from April 2023 for 3 years plus the option to extend by 2 further years. The estimated total value of the contract will be £2,841,205. This new contract will be made up of 2 supported housing contracts currently commissioned
- 6.2 There is sufficient budget provision to cover the cost of the contract.

## **7 Legal implications**

- 7.1 The report seeks approval to future delivery of a mental health supported housing service at 4 buildings by an external provider. Given the potential spend on this contract (at a length of 3 + 3 years) this contract would be categorised by the Contract Procedure Rules as a Category A contract. The report sets out the other options considered and explains why this is the recommended option.
- 7.2 Assuming that Mayor and Cabinet accepts the recommendation for future delivery of a mental health supported housing service by an external provider, the Contract Procedure Rules place requirements on how that should happen. The Rules require that when letting contracts steps must be taken to secure value for money through a combination of cost, quality and competition, and that competitive tenders or quotations must be sought depending on the size and nature of the contract (Rule 5). Given the potential spend on this contract the procurement regulations (Public Contracts Regulations 2015 as amended) will also apply. The requirements of both Contract Procedure Rules and the procurement regulations would be satisfied by use

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of an open tender procedure. The process for procurement and the award of the contract would have to be in accordance with the Contract Procedure Rules. As a Category A contract, it would be for Mayor and Cabinet to take a decision on the award of any contract.

**7.3** This is a key decision and must be included in the Key Decision Plan.

**7.4** The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In summary, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

**7.5** The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. 9.7 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-andpolicy/equality-act/equality-act-codes-of-practice-and-technical-guidance/> .

**7.6** The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty: 1. The essential guide to the public sector equality duty 2. Meeting the equality duty in policy and decision-making 3. Engagement and the equality duty 4. Equality objectives and the equality duty 5. Equality information and the equality duty.

**7.7** The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <http://www.equalityhumanrights.com/advice-and-guidance/publicsector-equality-duty/guidance-on-the-equality-duty/>

## **8 Equalities implications**

Equality Analysis Assessments have been completed for the Mental Health & Single Adults Pathway, and for the Young Persons, Single Adult pathways.

**8.1** These assessments have been completed using the methodology and approach set

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out in Lewisham Corporate Equalities policy in line with the Equalities Act 2010.

- 8.2 It assessed the proposals in line with the Equality Act 2010 and considered the potential impact on all of the nine protected characteristics.
- 8.3 One of the key quality criteria measured during any framework commissioning process is "*Processes for addressing equality and diversity*". The criteria will continue to be measured for all future commissioning.
- 8.4 All the services contained in this report will be specified to record and report demographic data to better monitor trends and gaps in supported housing service provision.
- 8.5 This service will accommodate and support people with serious and enduring mental health needs, who suffer from significant exclusion and unequal outcomes in a number of areas. The service users will be supported to progress in their lives holistically and to improve their situation in a number of areas, and will prepare them to live with increased independence in the community.

## **9 Climate change and environmental implications**

- 9.1 The Council has made a commitment to making the borough carbon neutral by 2030.
- 9.2 The extension to the supported housing contracts listed in this report will not have any negative impact on the rate of energy consumption or increase of carbon admissions.
- 9.3 Supported housing service buildings are maintained by various landlords. The energy efficiency of services etc will be discussed in contract monitoring meetings and assessed during Quality Assurance visits.
- 9.4 Recycling should be proactively promoted in supported housing services and will be monitored during scheme visits and will be discussed with residents.

## **10 Crime and disorder implications**

- 10.1 Provision of suitable supported accommodation links directly to the delivery of S17 of the Crime and Disorder Act. Section 17 of the Act recognises that there are key stakeholder groups who have responsibility for the provision of a wide and varied range of support services to and within the community. In carrying out these functions, section 17 places a duty on partners to do all they can to reasonably prevent crime and disorder in their area.
- 10.2 The purpose of section 17 is simple: the level of crime and its impact is influenced by the decisions and activities taken in the day-to-day of local bodies and organisations. The responsible authorities are required to provide a range of services in their community. Section 17 is aimed at giving the vital work of crime and disorder reduction a focus across the wide range of local services and putting it at the heart of local decision-making.
- 10.3 Research by the Home Office has shown that stable housing is a significant factor in reducing the likelihood of people re-offending. For example, stable accommodation reduces the potential for committing further crime by offenders within the community by about 20%. The Supporting People Framework Agreement, which has been used to procure services, reduces risk to offenders and the community and therefore benefits community safety and cohesion.

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## 11 Health and wellbeing implications

- 11.1 Extension of the supported housing services detailed in this report will have a positive impact on health, mental health, and wellbeing by providing housing with support to homeless vulnerable service users in the borough.
- 11.2 The supported housing services will have a positive impact on social, economic and environmental living conditions that indirectly affect health by providing good quality accommodation with support to address health issues early on and to ensure wrap around services are in place.

## 12. Social Value

- 12.1 The services listed are delivering support to vulnerable residents in the borough independently of local authority funding, promoting a range of social value in the borough. Further the delivery of the Council's wider Social Value forms 10% of the tender scoring.
- 12.2 The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Lewisham pay their staff at a minimum rate equivalent to the LLW rate. Successful contractors will be expected to meet LLW requirements and contract conditions requiring the payment of LLW will be included in the service specification and contract documents.
- 12.3 The incorporation of Social Value into Lewisham contracts will significantly help the Council to deliver on its strategic corporate and Mayoral priorities and deliver added value for the borough as a whole.
- 12.3 Once contracts have been awarded officers will agree social value aims and KPI's with these providers as a condition of the contract

## 13. Background papers



Supported Housing  
Permission to Procure



MC Newstead Road



Final Permission to  
Extend Mental Health

## 14 Report author(s) and contact

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Comments for and on behalf of the Executive Director for Corporate Resources

Provide the name of the author of the financial implications.

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Comments for and on behalf of the Director of Law, Governance & Elections

Please see Legal Implications

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