



Mayor and Cabinet

Permission to Extend Supported Housing Services

Date: 8th December

Key decision: Yes.

Class: Part 1

Ward(s) affected: All

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Timeline and Engagement

July – April 2020	Project groups established for each accommodation pathway & floating support service
July – August 2020	Joint Prevention, Inclusion and Public Health Commissioning Team (PIPHCT) / SLAM review of mental health supported accommodation pathway completed
September - December 2020	Young Person's Pathway review completed by PIPHCT
September 2020 – March 2021	Focus groups with key stakeholders
February 2021	Expressions of Interest for new buildings advertised via the London Portal
March 2021	Key Stakeholder Online consultation
May 2021	Market Warming Event
September 2020 – March 2021	Service User feedback sought via 1:1 meetings and service user feedback questionnaire.
9 th June 2021	Permission to Procure report to Mayor and Cabinet
November 2021	Permission to Award report to Mayor and Cabinet

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Outline and recommendations

Mayor and Cabinet are recommended to extend 4 mental health supported housing contracts to providers as set out below.

These services were subject to a competitive tender process undertaken across July – October 2021 which was unsuccessful and officer seek extensions to the existing service provision to ensure continuity of service delivery whilst further re-procurement is undertaken in 2022 and 2023. The total value of all these extensions is £1,247,598.

- 1) Family Action to deliver a 16 bed mental health supported housing service with an annual contract value of £110,998 for 1 year from 1st April 2022 – 31st March 2023
- 2) Hexagon to deliver a 12 bed mental health supported housing service with an annual contract value of £433,809 for 1 year from 1st April 2022 – 31st March 2023.
- 3) Certitude to deliver an 18 bed mental health supported housing service with an annual contract value of £457,243 per annum for 1 year from 1st April 2022 – 31st March 2023.
- 4) Peabody to deliver an 8 bed mental health supported housing service at an annual contract value of £122,774 for 2 years from 1st April 2022 – 31st March 2024.
- 5) To agree to officers exercising Regulation 32 of the Procurement Regulations to directly award contracts to any of the above services should the incumbent provider not be able to agree to the extension.

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 and Southeast London Clinical Commissioning Group to improve access to supported accommodation & floating support services and maximize effectiveness and strategic use of these services.
- 1.3 The supported accommodation services set out in Table 1 below are due to expire in March 2022.
- 1.4 Permission to procure these services via an open tender process was agreed by Mayor & Cabinet on 9th June 2021 and a competitive tendering process was undertaken between July and October 2021.

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Table 1:

Client group	Service description	Current Supplier	Annual Contract Value	Contract end date
Mental Health	12 bed 24 hour sleeping night service	Hexagon	£433,809	31/03/2022
Mental Health	16 bed medium support service	Family Action	£110,998	31/03/2022
Mental Health	13 Bed 24 hour waking night service	Certitude	£457,243	31/03/2022
Mental Health	8 bed male only 9-9 service	Peabody	£122,774	31/03/2022

- 1.5 As approved by Mayor & Cabinet in June 2021, officers followed an open tender process for the above services which reconfigured mental health pathway services into 2 Lots – a high needs male only (Lot 1) and mental health recovery service (Lot 2).
- 1.6 The proposals included amalgamating the existing Hexagon, Family Action, and Certitude contracts listed in Table 1 into one larger contract to provide a more integrated community recovery service (Lot1). This would enable the reallocation of resources from these contracts to enhance the male only provision currently being provided by Peabody to develop a high needs 24 hour male only service (Lot 2).
- 1.7 The award of lot 2 and reconfiguration of services within it would have made available the funding to award Lot 1. Without the successful award of Lot 2 the Council cannot adequately fund Lot 1.
- 1.8 There were no bids received for Lot 2. Officers sought feedback on the reasons for providers not bidding, and whether they'd consider the service as tendered viable. 2 providers expressed that they did. In a report dated 3rd November 2021 officers sought authority from Mayor & Cabinet to directly

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negotiate with one supplier and to seek delegated authority to the Executive Director for Community Services to award the contract following negotiations.

- 1.9 The proposals received to date as part of the direct negotiation for Lot 2 were not financially viable and did not deliver what was specified.
- 1.10 Given that the services being reprocured are accomodation based services supporting vulnerable service users, it is essential that arrangements are in place from 1st April 2021 to ensure service continuity.
- 1.11 Officers therefore seek permission to extend contracts with the incumbent providers for whilst a further procurement exercise is undertaken in 2022.

2. Recommendations

- 2.1 Mayor and Cabinet are recommended to extend 4 mental health supported housing contracts to providers as set out below to ensure service continuity whilst further re-procurement processes are undertaken following an unsuccessful tender exercise. The total value of all these extensions is £1,247,598.
 - 1) Family Action to deliver a 16 bed mental health supported housing service with an annual contract value of £110,998 for 1 year from 1st April 2022 – 31st March 2023
 - 2) Hexagon to deliver a 12 bed mental health supported housing service with an annual contract value of £433,809 for 1 year from 1st April 2022 – 31st March 2023.
 - 3) Certitude to deliver an 18 bed mental health supported housing service with an annual contract value of £457,243 per annum for 1 year from 1st April 2022 – 31st March 2023. This is a permitted extension within the existing contract.
 - 4) Peabody to deliver an 8 bed mental health supported housing service at an annual contract value of £122,774 for 2 years from 1st April 2022 – 31st March 2024
 - 5) To agree to officers entering into direct negotiations (exercising Regulation 32 of the Procurement Regulations) to award contracts to any of the above services should the current provider not be able to agree to the extension.

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, Tackling Drugs to Build a Better Britain and 'Sustainable Communities: Settled Homes Changing Lives'.
- 3.2 The proposed award of the contracts detailed in this report meets the Corporate Strategy 2018/22 as follows:

Priority 5, *Delivering and Defending: Health Care and Support*; the services detailed in this report will provide support to access assessments and support for physical and mental health needs 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-

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improvement and assist with re integration into the community

Priority 7, *Building safer communities*; the services listed in this report will support the work within the partnership to combat anti-social behaviour linked to alcohol and drug misuse homelessness and rough sleeping.

4. Background

- 4.1 The services listed in table 1 of this report were awarded by Mayor and Cabinet, and permitted extensions approved as detailed in the Permission To Procure report included as Appendix 1 to this document. In most cases, contracts were initially let over 3 years with an option to extend for up to a further 2 years.
- 4.2 As described in section 3 of this report, supported housing services play a vital role in ensuring key elements of the corporate strategy are delivered and that appropriate accommodation support services are in place to meet the needs of the most vulnerable homeless residents in the borough.
- 4.3 The mental health supported housing services including those currently delivered by Hexagon, Certitude, and Family Action are joint funded via LB Lewisham and South East London CCG.
- 4.4 A comprehensive review of current provision was undertaken by officers across 2020 / 2021 to inform the procurement approach for these services which was agreed by the Mayor and Cabinet on 9th June 2021.
- 4.5 A competitive tendering process was undertaken across July – October 2021 structuring these services into 2 Lots. The tender for Lot 2 was not successful, closing with no bids.
- 4.6 Officers sought feedback on the reasons for providers not bidding, and whether they'd consider the service as tendered viable. 2 providers expressed that they did. Officers sought authority from Mayor and Cabinet to directly negotiate with one supplier and to seek delegated authority to the Executive Director for Community Services to award the contract following negotiations.
- 4.7 This negotiation was unsuccessful and the proposal received was outside of the financial envelope and would not have delivered what was specified.
- 4.8 Officers therefore seek to extend existing arrangements with incumbent providers to ensure service continuity whilst a further procurement exercise is undertaken across 2022 and 2023 which will review the configuration of the services tendered for in Lot 1 and 2 to ensure as far as possible that the future procurement exercise produces viable bids

5. Permission to Extend Current Provision

- 5.1 A competitive tendering exercise was conducted across July – October 2021 to award new contracts for the service set out in Table 1 of this report
- 5.2 New contractual arrangements commencing in April 2022 for L3, L4 & L5 were agreed at M&C on 3rd November 2021.
- 5.3 As the tender for Lot 2 received no bids, officers also requested permission

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from Mayor and Cabinet on 3rd November 2021 to enter into direct negotiations with a supplier under Regulation 32 of the Public Contracts Regulations 2015 and sought approval to delegate authority for the award of this contract to the Executive Director.

- 5.4 Funding for the Lot 1 service was contingent on receiving a proposal for Lot 2 service within the financial envelope and was not published funding envelope.
- 5.5 Officers entered into direct negotiations with a supplier resulting in a proposal that received on 11th November 2021 which unfortunately was not viable, was outside of the financial envelope and does not deliver what was specified.
- 5.6 Officers therefore seek permission to extend contracts with the incumbent providers to ensure service continuity whilst a further procurement exercise is undertaken across 2022 for Lot 2, and 2023 for Lot 1.
- 5.7 Given the difficulties of securing new arrangements for these services having undertaken the recent tendering exercise, officers will review the configuration of the services tendered for in Lot 1 and 2 to ensure as far as possible that the future procurement exercise produces viable bids. It is recommended that the procurement of these contracts is staggered across 2022 and 2023: the Hexagon, Family Action & Certitude services are extended for 1 year, and that the Peabody service be directly awarded / extended for 2 years.
- 5.8 Continuity of care is essential for the service-users and for the Council to be compliant with its health and social care statutory duties. L1 will not be possible without delivering L2 within a reduced financial envelope. It is therefore recommended that re-procurement of these services is done in two stages to ensure officers are able to run successful tender process knowing the L1 is financially viable.
- 5.9 Hexagon, Family Action, Certitude & Peabody have all performed well against KPIS's and Quality Assurance criteria across the lifetime of the contracts that they hold. They are subject to regular contract monitoring and quality assurance reviews undertaken by Prevention, Inclusion & Public Health Commissioning Team and it is therefore recommended these contracts are extended.

6. Financial implications

- 6.1 The awarded service contract values listed below at 6.3 are for block contracts, and the funding is currently fully contained within either core General Fund budgets or from agreed external funding contributions. Service contracts allow for flexibility and variation in future years in response to any change in income or changes to the Council's Medium Term Financial Strategy.
- 6.2 The existing contract with Family Action includes a direct contract payment of £49,323 made by South London and Maudsley Trust (SLaM). SLaM have committed to continue this funding contribution.
- 6.3 The existing contracts with Hexagon and Certitude are partially funded from Section 256 transfer from Lewisham CCG - £513,659. The CCG are currently committed to continue this funding contribution.

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6.4 These contracts are being extended at current values, with no uplifts applied to meet any inflationary pressures on providers.

6.5 Contract values and duration

<i>Awarded Service</i>	Annual Contract Value	Length of contract	Lewisham CCG & SlaM Funding Contributions	Total contract value
Hexagon	£433,809	1	£235,759	£433,809
Family Action	£110,998	1	£49,323	£110,998
Certitude	£457,243	1	£277,900	£457,243
Peabody	£122,774	2	n/a	£245,548
Total	£1,124,824		£562,982	£1,247,598

7. Legal implications

7.1 The Council's Constitution contains requirements about how to procure and manage contracts. These are in the Contract Procedure Rules (Constitution Part IV), some of which are requirements based on the procurement Regulations (Public Contracts Regulations 2015) with which the Council must comply. Those requirements were complied with when the contracts when the contracts for Lot 1 and 2 were tendered for following an open tender process.

7.2 The recommendation in the report is to extend the contracts following a competitive tender process which resulted in no bids being received for Lot 2 and consequently the funding not being released for Lot 1. The report notes that the providers have been performing those services in a satisfactory manner and that the extensions will allow for the services to be re-configured and re-procured. In those circumstances, they are 'Permitted Extensions' under the Contract Procedure Rules, as the proposed extensions are a change to the contract which is occurring because of the need to deal with unforeseen circumstances and the value of the proposed extensions do not exceed more than 50% of the value of the original contracts (as set out in Rule 17 of the Contracts Procedure Rules, and Regulation 72 of the Procurement Regulations 2015). Furthermore, in respect of Certitude, the contract was awarded in 2019 following a competitive tender process, the initial contract period expires on 31st March 2022 and the extension would be a Permitted Extension as the original contract allows for the extension up to 2 further years.

7.3 The report sets out the reasons why the extensions to the 4 contracts are proposed. It notes that the performance of the incumbent providers is satisfactory, and that the future of the services will be considered during the extension period.

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- 7.4 The extension of these contracts are Key Decisions under the Constitution because the values of the extensions to the contracts is more than £200,000,
- 7.5 The Equality Act 2012 (the Act) places on the Council a 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.
- 7.6 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; and foster good relations between people who share a protected characteristic and those who do not.
- 7.7 The duty is a “have regard duty”, and the weight to be attached to it is a matter for the decision maker, 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.
- 7.8 The Equality and Human Rights Commission has 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-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>.
- 7.9 The Equality and Human Rights Commission (EHRC) has issued guides for public authorities in England giving advice on the equality duty. 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.

8. Equalities implications

- 8.1 The supported housing and floating support contracts provide services for adults who are require accommodation based support, or floating support in the community. Each service is required to abide by equality legislation. The service specifications for the new services will focus on reducing barriers to accessing accommodation and support for all underrepresented groups in line with the Equality Act 2010, and have considered the potential impact on all of the nine protected characteristics.
- 8.2 The Council’s Equalities objectives are addressed in the contract

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documentation and were part of the tender evaluation criteria.

9. Climate change and environmental implications

- 9.1 The Council's Environmental objectives are addressed in the contract documentation and are part of the tender evaluation criteria.
- 9.2 There are no environmental implications.

10. Crime and disorder implications

- 10.1 The supported housing and services detailed in this report relates to the provision of specialist accommodation based support services for vulnerable homeless Lewisham residents. This will therefore make an important contribution to the work of the Safer Lewisham Partnership and link in directly with the Safer, Stronger Communities outcome to 'minimise harm caused by homelessness and rough sleeping.

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 Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured.
- 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 tender documents.
- 12.3 Social Value criteria will be established with each provider for the extension period. 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.
- 12.4 Once contracts have been awarded the Social value delivery and monitoring will be formally reported on the KPI Performance report.

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13. Background papers

- 13.1 Permission to Procure Report for Mayor and Cabinet June 2021- appendix 1
- 13.2 Permission to Award Report for Mayor & Cabinet November 2021- appendix 2

14. Glossary



Glossary.pdf

15. Report author and contact

- 15.1 Sarah Miran - Commissioning Manager (Prevention, Inclusion & Public Health Commissioning)
- 15.2 **Comments for and on behalf of the Executive Director for Corporate Resources**
- 15.3 Abdul Kayoum
- 15.4 **Comments for and on behalf of the Director of Law, Governance and HR**
- 15.5 Sohagi Patel

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