

Decision maker:	Cabinet member health and wellbeing
Decision date:	Thursday, 22 November 2018
Title of report:	Accommodation based and floating support services
Report by:	Supported Housing strategy officer

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose and summary

To seek approval to commission, by means of a competitive tender process, an accommodation based housing related support service and housing related floating support service. Two separate but related contracts are commissioned currently through Home Group and are due to cease on 31 August 2019.

The services are commissioned as part of the council's approach to preventing and relieving homelessness. Accommodation based support is offered currently from two premises in Hereford, at Pomona Place and Bridge House, with a total of 31 units or places. Floating or outreach support is provided to around 75 people to help them sustain their existing living arrangements or move on. Both services are transitional and support people, who are in housing crisis, to be more independent and manage their own tenancy in the future, through promoting self care, financial and domestic skills and access to training or employment.

A soft market exercise has been conducted to assess capacity for continuation and development of services and it has demonstrated considerable market interest, including among providers holding local housing stock. Delivery of accommodation based support requires access to more than 30 units of accommodation, suitably configured and located and this will be a critical factor in the viability of tender bids.

The services are for people who are homeless or threatened with homelessness and have a priority housing need. Accommodation based support is available only to single adults and in practice, the majority of those supported are ex-offenders or have mental health and/or substance misuse needs. A small minority are sometimes identified to have a military background. In the light of continuing high demand for accommodation based support, it is proposed to seek up to 35 units as part of the new contract, representing an increase of up to 16.5%, without any additional cost to the council.

The mobilisation of accommodation based support services can be particularly complex and time consuming and the procurement process is therefore planned to conclude early in 2019.

Recommendation(s)

That:

- (a) the commissioning of an accommodation based support service through an open procurement process be approved, for a period of up to five years from 31st August 2019, with a maximum total cost of £1.39m; and**
- (b) the commissioning of a floating support service through an open procurement process be approved, for a period of up to five years from 31st August 2019, with a maximum total cost of £553k; and**
- (c) authority be delegated to the acting director for adults and communities to award contracts for accommodation based and floating support services, following the completion of procurement processes.**

Alternative options

1. The services are not re-commissioned. This option is not recommended as both contracts support vulnerable people with significant needs who are homeless or at risk of homelessness with substance misuse, offending behaviour and/or mental health issues. The impact of not providing either service would result in an increase in rough sleepers and homelessness applications to the council and growing use of temporary accommodation.

Generally, where the accommodation based support service is full, people will be placed in B&B, with the attendant risks and costs. If the accommodation based service were to close, all the occupants and all people newly referred would need to go into B&B. A proportion would become excluded from B&B and may become rough sleepers. In addition to the absence of support and the likely poor outcomes for people, this level of demand could harm the fragile ecology of the council's network of B&B provision.

There would also be a risk of increased offending behaviour, hospital admissions or anti-social behaviour, with associated financial pressures for the council and other public services.

2. The contracts with the existing provider are extended. This option is not practicable since the provider, Home Group has indicated that it can only continue to offer the services until 31 August 2019. It has revised its business approach and will no longer be providing homelessness services.

Key considerations

3. The contracts run concurrently and their initial terms were due to expire in August 2018. Both services are currently provided by Home Group. The procurement in 2015 included an option to extend the contracts by up to two years. Approval to extend both contracts to 31st August 2020 was given on 17th November 2017. In December 2017 Home Group indicated its willingness to extend the contracts by one year only. Home Group has made overarching changes to its strategic direction, so that it will no longer operate homeless services. A further decision was made on 13th August 2018 to extend the contract with Home Group to 31st August 2019.
4. A waiting list is operated. 107 of the 144 people referred were homeless and the remaining 37 were threatened with homelessness. All people referred into the service will be in housing crisis. Utilisation is generally at 99%. In one year the accommodation based service will accommodate and support an average of 58 people, with an average stay of just over 12 months. The services have been required to support a higher proportion of people with complex needs, defined around mental health need, substance misuse or offending histories. Individuals are increasingly likely to be very vulnerable or present some public protection risk. During the current contract, the proportion of people with complex needs supported in the accommodation has risen from 30% to 90%.
5. Need for housing related support services generally exceeds supply. At any one time housing solutions team will see more than 30 people with complex homelessness need, in housing crisis, who are difficult to house. Review of the caseload of the community rehabilitation company (CRC) shows 13 low to medium risk offenders actually homeless and 45 at direct risk of homelessness. During 12 months to January 2018, Addaction, who support people with drug or alcohol problems, identified 42 people with substance misuse who had an urgent accommodation need.
6. The accommodation based service currently has a core total of 30 bed spaces in two buildings; along with a crash pad facility for emergency provision. The sustained and increasing demand on the service does suggest the need to increase capacity for accommodation based support. Hostel type provision remains in Hereford and provides temporary accommodation for a substantially transient population. A project to extend provision outside of the accommodation based service is progressing. An increase of up to 5 further units (16.5%) would give confidence that demand could be met during the life of a new contract with negligible risk of under-utilisation. This is a reasonable challenge to potential providers given the significant value that the service represents through a combination of rent, enhanced housing benefit and commissioning income.

People transitioning from supported accommodation, with continuing complex needs, will often be perceived by some landlords as presenting risk. These can relate to anti-social behaviour or the management of money.

Recent transition rates are:

17 customers moved on within 6 months

18 moved on between 7 and 12 months

12 moved on between 13 and 18 months

9 moved on after more than 19 months

64% moved into social housing and 23% to other forms of stable or appropriate accommodation, the remainder having less positive outcomes including eviction or mental health admission. Where eviction takes place support will still be offered under homelessness reduction act duties.

7. The services will be commissioned using an outcome focused approach and so providers will select their own delivery model. However, models will need to ensure that accommodation is secure and that support can be delivered cost effectively. These and other factors will tend to involve providers using larger premises which concentrate units of accommodation, often in city centre locations.
8. In commissioning this service the council has given due regard to all aspects of social value as defined in the Public Services (Social Value) Act 2012. This will include any opportunities for social value to enhance the wider benefit to the community and look at incorporating key elements into the procurement process, in line with the council's procurement strategy. There will be opportunities for service users to volunteer as part of pathways to training and employment. Approaches will encourage the wellbeing and mental health of residents, and a strong ethos on community engagement activities.
9. The floating support service supports individuals aged over 18 who are assessed as being vulnerable or at risk of homelessness due to substance misuse, mental health issues or offending behaviour. The service has been re-designed to enable a more efficient service and so reduce its cost by 30%. This will be achieved by working slightly more intensively with people for shorter periods and focusing help within Hereford City, and the market towns, involving more flexible use of technology. Once immediate issues have been managed, support will taper off over a period of up to six months. All clients will receive an initial face to face assessment, where a package of support will be agreed. On average, the service has supported 69 clients each month for the period from January to June 2018.
10. A soft market test was undertaken in Spring 2018 to inform re-commissioning and consider options for expanding the portfolio of short term supported housing, in light of proposed national policy changes. The Ministry of Housing, Communities and Local Government (MHCLG) has recently and unexpectedly abandoned those policy changes. However, the council is continuing to focus on increasing the range and quality of supported housing in managing homelessness. There was a good response from the market including providers already established in the local housing market. Most respondents were interested in providing both the accommodation based and floating support services.
11. Comparative analysis with neighbouring council areas shows that where similar services are provided, Herefordshire is offering provision more strategically and at a slightly lower unit cost. Where such services have been terminated, councils are seeing rapidly accelerating homelessness need including rough sleeping and use of B&B accommodation. These trends offer poorer outcomes for service users and significant reputational and legal risk to councils.
12. The accommodation based service is delivered from two premises in Hereford; Pomona Place and Bridge House. The size, layout and location of Pomona Place especially make it particularly suitable for accommodation based support and potentially difficult to replace. The council no longer has any legal interest in the properties and has little or no influence

over whether they would continue to be available for the provision of services. The current provider is negotiating with the freehold owner over rent increases and has yet to indicate how it might seek to dispose of its leasehold interest in Pomona Place and freehold interest in Bridge House. There is some uncertainty therefore for potential new providers over the availability and cost modelling of the accommodation and this will influence their bids, particularly around quantity and price. Some may prefer to source their own accommodation, either from existing stock or by acquisition.

13. Both contracts are monitored regularly for achievement of key outcomes and performance targets. The contracts will be procured through two lots. Key outcomes to be required from a new provider include;

- People able to manage their own front door and security of their home
- People able to keep their accommodation to an acceptable standard
- People enabled to reduce or resolve any rent arrears or other debt
- People able to manage or resolve their antisocial behaviour
- People able to manage their own finances and affairs sufficient to sustain a tenancy
- People enabled to have access to support from probation, substance misuse or mental health services and to continue any treatment programmes.
- People moving on to tenancies which they sustain for at least 6 months
- People taking up paid employment, formal training or volunteering

14. The proposed timetable for procurement is as follows;

26 Nov 2018	Launch of tender opportunity
19 Dec 2018	Deadline for clarification questions
07 Jan 2019	Deadline for submitted bids
04 Feb 2019	Conclusion of evaluation and clarification process
18 Feb 2019	Notice of intention to award contracts
28 Feb 2019	Award of contracts
01 Mar 2019	Commencement of mobilisation of services
01 Sep 2019	Services mobilised

Community impact

15. The services contribute to achieving the council's priority 'To enable residents to live safe, healthy and independent lives' by working towards every service user having the ability and capacity to achieve independent living through support to enable them to secure and successfully maintain their own accommodation. The joint strategic needs assessment, Understanding Herefordshire includes data on people who are homeless and threatened with homelessness and the incidence of substance misuse and mental health need. The data illustrates a high level of need for housing related support services. The service helps enable reduced hospital admissions and minimise need for temporary accommodation under statutory duties placed on local authorities under the Housing Act Act 1996 and Homelessness Reduction Act 2017.

16. Services will be aligned to ensure that people receive additional support from external providers, where particular risks are identified to people's health. This will include input from substance misuse and mental health providers. Where appropriate, such collaboration will be co-ordinated into pathway plans. The council endeavours to ensure that the work they and their partners undertake, does not adversely affect the health, safety or welfare of service users. Council partners are expected work to the same health and safety standards and codes of practice as the council, as far as is reasonably practicable. This will be a requirement of any new/revised contract terms.
17. The ongoing provision of these services will continue to support the agreed priorities in Herefordshire's health and wellbeing strategy, including mental health and wellbeing; Impact of housing; Special consideration for adults; Hidden issues. The services underpin prevention and keeping people well; self-help and helping others stay well; access to high quality secondary care, education and employment.
18. The accommodation based and floating support services support people who are homeless or at risk of becoming homeless and have an offending history, substance misuse or mental health issues. The tailored support includes access to education, training and employment and assists with maintaining independent living and avoiding repeat homelessness. The aim is to source settled suitable accommodation and become socially involved within the community.
19. Whilst the services are not targeted to looked after young people or care leavers it has on occasion supported individuals to whom the council has responsibilities as corporate parent. The services offer an alternative accommodation solution or floating support to assist with the transition to independent living or support with successfully maintaining accommodation.

Equality duty

20. The council is committed to equality and diversity using the Public Sector Equality duty (Equality Act 2010) to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
21. The re-commissioning of the service should not alter the impact of the service as it will provide vulnerable people with a needed service. However, the monitoring data needs to capture all relevant strands and needs to be reviewed to assess the impact of the service comprehensively.
 22. There is no specific indication that any group with protected characteristics is negatively impacted in the service provision.

23. Council partners are expected work to the same equality legislation as the council. This will be a requirement of the contract terms.
24. An EIA has been prepared in relation to this proposal and attached as Appendix 1.

Resource implications

25. The annual cost of the accommodation based support service will remain at the current contract value of £278k, with £49k of that value or 17.6% of the cost met from Improved Better Care Fund (iBCF). In the event that IBCF is discontinued during the contract term, funding options will be reviewed along with the contract and its costs. The maximum full term cost of the service for five years is **£1.39m**.
26. The two contracts represent 75% of spending on all contracted services for housing, following significant savings taken since 2012/13. The proposed procurement of both contracts will invite significant competition on price among bidders, in addition to seeking some increase in accommodation based capacity.
27. The commissioning spending represents only part of the value of the accommodation based service to the provider, which is composed as follows;

Rent	£ 85k	12.9%
EHB	£297k	45.0%
Commissioned contract	£278k	42.1%
Total value	£660k	

All forms of Supported Housing typically draw on three sources of funding. Rent usually covered by HB meets the immediate housing costs and EHB meets the acknowledged costs of supported accommodation through additional housing management. The council's commissioning funding therefore focuses on the direct support of vulnerable individuals, managing risk and ensuring move on. The precise balance between the three sources of funding inevitably varies. The council does not underwrite the other sources of funding to the provider.

28. The annual cost of the floating support service will remain at the current contract value of £110.6k. The maximum full term cost of the service for five years is **£553K**.
29. The funding for the proposal has been approved as part of the Medium Term Financial Strategy (MTFS).
30. The combined maximum costs over 5 years will be **£1.94m**. The contracts will provide options to terminate early in a variety of circumstances.-

Legal implications

31. The Homelessness Reduction Act 2017 (in force April 2018) provides that Local Authorities now have a statutory duty to 'take reasonable steps' to prevent any eligible person who is threatened with homelessness from becoming homeless. The Act introduces a duty to provide advice and information services about prevention of homelessness and securing accommodation tailored to meet the needs of people within the council area, making particular reference to those with an offending history and/or a mental illness or impairment. Furthermore, the Act introduces a new duty for councils to,

on acceptance of an application for housing assistance, undertake an assessment and prepare a plan identifying suitable accommodation for the applicant and outlining the support that the applicant may require in order to retain such accommodation.

32. The continued provision of accommodation based services and floating support for people who are homeless and/threatened with homelessness would assist the council to comply with its duties pursuant to homelessness legislation with particular reference to the new duties contained in the Homelessness Reduction Act 2017. Furthermore, the continued provision of such services will ensure that the council continues to meet its objectives as outlined in its Homelessness Strategy and the associated Prevention of Homelessness Strategy.
33. Paragraph 4.5.2 of the constitution states that the council is subject to EU law with regard to public procurement which requires all contract procedures to be open, fair and transparent. Paragraph 4.6.13 states that contracts in excess of the relevant EU threshold must be let in accordance with the relevant procurement legislation.
34. Paragraph 4.6.7 (e) of the constitution provides that director or the chief executive must authorise a procurement activity in excess of £500,000.

Risk management

35. If the recommendation is not approved then these essential housing and floating support services will cease to operate in Herefordshire. Both contracts support vulnerable individuals with significant needs who are homeless or at risk of homelessness with substance misuse, offending behaviour and/or mental health issues.

Risk / opportunity	Mitigation
The accommodation premises are in the control of the current provider, and its intentions as to retention or disposal are uncertain, along with the costs profile.	The council has advised providers expressing interest of current uncertainty and will continue to liaise with the owners/leaseholders and provide clarity as part of the procurement process. In practice some potential bidders will prefer to source their own accommodation from existing stock.
A new provider if sourcing from existing stock or acquisition will have to consider timescales for decanting existing tenants and/or carry out alterations to change the use of existing accommodation.	An extended mobilisation period of 6.5 months is proposed to allow a provider to manage the issue of providing new accommodation.
Reduced or suspended referrals to accommodation based support during mobilisation, increasing risk of homelessness or greater use of temporary accommodation	The council is working to ensure clarity of intentions around premises and encourage potential providers to source alternative accommodation. This will incentivise the outgoing provider to agree terms for use of its premises and the extended mobilisation period will provide assurance and assist an incoming provider.

The contract is significantly dependent on Enhanced Housing Benefit (EHB) as it contributes £297k or around 45% of the overall annual value of the service to the provider. MHCLG is proposing a value for money review of EHB, the details of which are not known.

The growing complexity of residents' needs will tend to support the relatively high levels of EHB and there will be sufficient time to work with a provider and manage the risk of any change in EHB funding levels.

36. Any risks have been appropriately identified and recorded within the Adults and Wellbeing or service risk register, where they will be escalated if required. If the recommendations are delayed or not approved then accommodation and floating support services will not be available for those vulnerable, homeless or at risk of homelessness with substance misuse, offending behaviour and/or mental health issues.

Consultees

37. The provider market was consulted via a soft market exercise through which a number of respondent providers gave detailed views on delivery models, capacity and resilience issues relating to both accommodation based and floating support services. These views have shaped aspects of the proposed recommissioning, including the increase in accommodation units.
38. Consultation with political groups has been undertaken. No comments or suggestions were received.
39. As the procurement process is concluding, in the new year, detailed engagement will take place with current users of accommodation based and floating services. This will support and inform the mobilisation of services by new providers and manage the safe transfer and potential relocation of accommodation.

Appendices

Appendix 1 EIA

Background papers

None identified.