

Report of Head of Commissioning, Adults and Health

Report to Director of Resources and Housing

Date: 27th September 2019

Subject: Request to vary the contract awarded to St George's Crypt for the HUB and Overnight Service for additional funding of £483,090.00 for 32 months through the modification of contracts during their term under Regulation 72 (1) (b) (ii) of the Public Contracts Regulations 2015

Are specific electoral wards affected?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes, name(s) of ward(s):	
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:	
Appendix number:	

Summary

1. Main issues

Leeds City Council has been given a grant from the Ministry of Housing Communities and Local Government (MHCLG) from the Flexible Homeless Support Grant to help to prevent homelessness and to help to meet our strategic ambitions and national targets to end rough sleeping by 2027.

Work has been undertaken to assess the current service costs for delivery of the St George's Crypt HUB and Overnight Service contract in response to changes in demand and complexity of needs since its original contract award in 2017.

This report recommends that a portion of the Flexible Homeless Grant should be allocated to St George's Crypt to meet these staffing costs following expansion and increasing demand placed on the HUB and Overnight Service.

These arrangements would be in place until the end of March 2022, allowing time for Adults and Health Commissioning Team to review this service as part of the Street Based Review 2019 / 2020.

2. Best Council Plan Implications

The extra support provided is in line with the Best Council plan ‘tackling poverty and reducing inequalities’.

The additional funds will help ‘keep people safe from harm and protecting the most vulnerable’ and will ‘minimise homelessness through a greater focus on prevention’.

3. Resource Implications

This additional funding for the Hub and Overnight service is a grant from MHCLG and as such there are no resource implications for Leeds City Council this financial year. The grant is available up to April 2020 and it is anticipated that further funding will be available from April 2020 onwards to continue this arrangement. If there is not sufficient grant available from April 2020, funds from the Housing Revenue Account will be used to cover the cost.

Recommendations

The Director of Resources and Housing is recommended to:-

- a) Approve variation of the contract with St George’s Crypt for delivery of the HUB and Overnight services for additional funding of £483,090.00 for 32 months through the modification of contracts during their term under Regulation 72 (1) (b) (ii) of the Public Contracts Regulations 2015 and under Contract Procedure Rules 21.7.
- b) Note that funding to be provided from 1st August 2019 to the end of the current contract period at 31st March 2022

1. Purpose of this report

- 1.1 Preventing homelessness and supporting people who are rough sleeping and begging are priorities for the Council. A new model for housing related support services has been put in place following an extensive review which included new commissioned services Beacon and Engage Leeds, alongside the retention of key services such as the Street Outreach Service and St George's Crypt Overnight service who provide emergency provision for the City. In addition a new multi-agency approach via the Leeds Street Support Team has been established in 2018 to help co-ordinate aspects of this work.
- 1.2 A Delegated Decision report written by the Chief Housing Officer in May pointed to an increased Flexible Homeless Support Grant allocation for this year. There is a need to use some of the additional funds for St George's Crypt to cover increased service costs resulting from service expansion and in meeting the increase in the complexity of issues presented by people who are rough sleeping.
- 1.3 The purpose of this report is to set out proposals seeking approval to vary the existing contract with St George's Crypt and to seek authority from the Director of Resources and Housing to allocate a portion of grant funding support from the MHCLG via the Flexible Homeless Support Grant to the St George's Crypt contract.

2. Background information

- 2.1 A report to Cabinet and CLT in March 2017 provided an overview of the incidence of rough sleeping and begging in the city and the challenges associated with tackling this issue and encouraging the take up of support. Numbers of people rough sleeping has increased substantially nationally and although numbers in Leeds are lower than comparable cities, they have risen. The majority of this vulnerable group sleep rough on an irregular and infrequent basis, but there is a smaller cohort of people who sleep rough on a regular basis.
- 2.2 In September 2018 Safer Leeds established the Leeds Street Support Team through funds awarded by MHCLG to focus efforts on tackling the issue and to reduce rough sleeping. The team do more targeted outreach work, coordinate case conferencing arrangements and facilitate fast access to key support services.
- 2.3 Leeds has a number of commissioned services that are specifically targeted towards supporting people who are vulnerable and have complex needs. These include St George's Crypt, St Anne's Resource Centre, Street Outreach and Beacon. There is close partnership working with statutory agencies and with other services such as West Yorkshire Finding Independence (WYFi) and the Street Support Team.
- 2.4 St George's Crypt provides emergency provision for the city providing thirty-six bed spaces and capacity for a further six, 365 days a year.

3. Main issues

- 3.1 The Government has set targets to halve rough sleeping numbers from the 2017 baseline by 2022 and to end rough sleeping by 2027. For Leeds this means reducing rough sleeping numbers to 14 by 2022.
- 3.2 Leeds has a multi-agency rough sleeper pathway, the cornerstone being the Street Support team. A collective of all agencies (led by Safer Leeds and including staff from Change, Grow, Live (CGL) Street Outreach Team, Forward Leeds, Beacon,

West Yorkshire Police, Leeds Anti-Social Behaviour Team (LASBT), Leeds Housing Options, City Centre Liaison, Bevan Health Care and Adult Social Care) with wider partners, which work together to offer a seamless pathway from the streets to independence mirroring the 3 cornerstones of the RSI ‘Prevention, Intervention, Recovery’.

- 3.3 St George’s Crypt and the services they provide is central to the success of these services and to Leeds meeting our targets to end rough sleeping.
- 3.4 The Overnight Service and The Hub are currently two separate services commissioned with St George’s Crypt delivered from Great George Street premises which provide short term support to homeless single people. The service is delivered from purpose built premises in the city centre and currently no alternative premises are available for any alternative services which could be procured on a like for like basis. The premises offers added value through a range of informal support interventions and other services such as free hot meals on a daily basis.
- 3.5 St George’s Crypt work in partnership with the Council in helping to deliver the “No Second Night Out” agenda and the central location of the service assists close working with Leeds Housing Options and with the Street Outreach Service. It is an integral part of the delivery of the emergency accommodation service delivered by the Council and they are the only provider in the city to offer this model of service.
- 3.6 The current contract was awarded in 2017 based on the service providing 12 HUB and 12 Overnight beds. Since then we have increased capacity in the HUB by another 12 beds to sustain on-going work with Leeds Housing Options service. In addition to this a further 6 beds are provided during Severe Weather to support the no second night out agenda.
- 3.7 Since 2017 we have seen an increase in rough sleeping numbers and more complexity in terms of the needs of people supported. Accommodation for rough sleepers is not always the primary need and services are having to deliver more intensive support to address underlying factors such as substance misuse and severe physical and mental health problems to break down the barriers to accessing and sustaining accommodation. The presentation of entrenched and complex issues has led to the need for increased staffing and related costs in order to ensure that the service is safe for all concerned.
- 3.8 The change in presentations has in turn led St George’s Crypt to change the staffing model. The restructured staffing rota has increased staff time and pay, recruited additional permanent staff as opposed to utilising bank staff or volunteers, ensured a clear line management structure with safeguarding responsibilities and rostered the staff for both day and night shifts to ensure they are upskilled and are able to attend training during the day.
- 3.9 St George’s Crypt work closely with Leeds Housing Options to ensure that anyone referred to the service is accommodated regardless of level of need. Requests made to expand this service by Leeds Housing Options since 2017 have been met without challenge and at no additional cost. Increasing capacity in the HUB has meant that there is more capacity in the service to provide intensive support for people with the most chaotic lifestyles and ensure that anyone found rough sleeping can be offered accommodation.
- 3.10 The HUB and Overnight service ensures a place of safety whilst staff work with a range of statutory and non-statutory services to secure a more appropriate housing solution. Outcomes include individuals having a pathway to accommodation which could include emergency housing at The Crypt, supported accommodation with

Beacon, permanent accommodation or tenancy sustainment with the support from Engage; engagement with drug and alcohol and health services; educational and employment opportunities, reducing poverty and improved health and wellbeing.

- 3.11 As St George's Crypt is already delivering directly related services and have the necessary infrastructure, they are considered uniquely placed and suitably experienced to do this work.
- 3.12 St George's Crypt offers shower and washing facilities and access to clean clothing, providing clean towels and toiletries all day within the working week to maintain dignity. They have a number of additional social values such as offering 3 mealtimes a day and volunteering opportunities.

3.13 Consequences if the proposed action is not approved

Not funding additional resource would place the service provider under greater financial pressure to continue delivery of the service and enhanced staffing levels which are necessary in response to increased demand and complexity of needs. There is a risk of service delivery not being sustainable in the longer term and risk of vulnerable people not receiving support.

- 3.14 It is recommended that the contract variation remains in place until end of March 2022 for the duration of the initial contract period, at which point the strategic review of Street Based services will be concluded along with any recommendations to extend the contract under its existing terms due to the provisions in the contract; for remodelling; or re-procurement of provision. However if there is a change in need during this period, this will be discussed with the service provider and the cost of the service reviewed.

3.15 Advertising

It is not applicable to advertise for this decision being a variation to an existing contract. The funding is being granted by MHCLG and it is not a condition of the grant to advertise and seek competition as a suitable contract is already in place.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Discussion has taken place with officers in the Procurement and Commercial Services and Adults and Health Commissioning about the grant from MHCLG and the allocation of funds received. This has included a discussion about how best to invest the funds.
- 4.1.2 Detailed discussion has taken place with the contractor to identify current service delivery costs, the changes in client need and risk which have taken place since the contract was put in place, and their response to these changes. This has informed the decision making process and proposal to vary the contract in line with the objectives of achieving value for money and high quality outcomes from the contract.
- 4.1.2 Further consultation will take place as part of the strategic review of Street Based services during 2019/20 and will report back findings during 2020/21. This will inform the structure of commissioned services going forward.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 Additional Hub provision in Leeds will support this vulnerable client group and will mean that extra help and support will be provided and homelessness will be prevented. The workers with St George's Crypt will encourage service users to engage with statutory and third sector services, to access housing and address health needs and will work closely with Leeds Housing Options.
- 4.2.2 People who are rough sleeping and begging may be vulnerable and at risk of abuse or may present safeguarding risks to others in the city. Additional support will reduce risk to all concerned.
- 4.2.3 An Equality, Diversity, Cohesion and Integration screening tool will be used as part of the street review, which this service falls under.

4.3 Council policies and the Best Council Plan

- 4.3.1 This work will contribute to the work of the Leeds Street Support Team established by Safer Leeds. The work also contributes to the Homelessness and Rough Sleeping Strategy 2018 – 2022, particularly the outcomes related to reducing homelessness and rough sleeping.
- 4.3.2 The work proposed supports the Council's ambition for Leeds to be a compassionate and caring city by helping to prevent and reduce rough sleeping and begging and the negative impacts of this across the City. It also supports the 'Vision for Leeds 2011-2030' and the delivery of wider outcomes relating to community safety, health and well-being, social inclusion and employment and training.
- 4.3.3 The extra support provided is in line with the Best Council plan 'tackling poverty and reducing inequalities'.
- 4.3.4 The services will also make a contribution to the Health and Wellbeing Strategy (2016-2021) in terms of helping to ensure that 'people will live in healthy, safe and sustainable communities'.
- 4.3.5 These services also contribute to priorities within the Leeds Drug and Alcohol Strategy 2016-2018 by delivering health promotion and helping to increase the number of successful completions from drug and alcohol treatment programmes to support recovery.

Climate Emergency

- 4.3.6 St George's Crypt has existing policies to reduce the environmental impact of the service and these are monitored through the Quality Management Framework and contract management processes.

4.4 Resources, procurement and value for money

- 4.4.1 The additional costs of the service will be met by the grant from the MHCLG Flexible Homeless Support Grant. This grant has been injected into the Resources and Housing revenue budget. Should grant for future years not be sufficient to cover the increased cost, the cost will be met from the Housing Revenue account.
- 4.4.2 The new contract price of £344,780.00 per annum, is to cover all eligible costs including increases in staffing costs resulting from an additional 12 beds requested, extra beds for severe weather and increase in support needs of people using the service. Salaries for posts funded are in line with other similar posts. Payment is

based on actual costs based on a service cost analysis exercise and will not exceed the amount approved in this report.

- 4.4.3 Performance monitoring processes are in place by the Adults and Health Commissioning Team to ensure value for money and quality of delivery for the duration of the variation and will be monitored throughout the contract management process.
- 4.4.4 Following the introduction of the Quality Management Framework (QMF) from Adults and Health Commissioning, St George's Crypt have identified a number of key areas on which quality of service has been improved. Safety of the service is paramount and measures have been taken to be sure that they are doing all they can to keep their clients and colleagues safe and well. Work has been carried out to ensure that the service is effective by staff receiving the appropriate training and guidance so they can respond to the changing needs and priorities of the client group and are equipped to achieve the best possible outcomes for the people.
- 4.4.5 The QMF demonstrates that St George's Crypt is well led, has up to date robust policies in place and is responding to the strategic and legislative changes in our City. St George's Crypt supports their clients to improve their circumstances and wellbeing and help them achieve and progress towards their goals. St George's Crypt place people at the heart of their service delivery.
- 4.4.6 The cost of the additional funding via MHCLG non-recurrent source is £483,090.00 for 32 months. The initial cost of the contract is valued at £806,100 and the overall value of the initial contract (including extensions) is £1,289,760. Based on the overall initial contract value the variation equates to a 37% increase. It is deemed to represent value for money as it will cover increased service costs resulting from service expansion and in meeting the increase in the complexity of needs supported by the service.

4.5 Legal implications, access to information, and call-in

- 4.5.1 As the overall value of this decision does not exceed £500,000 this is a Significant Operational Decision and is not subject to call in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 4.5.2 The modification of contracts is governed under the Public Contracts Regulations 2015 at regulation 72. This considers the extent to which a contract may be modified before it should be considered so substantially changed as to necessitate a new contract. It also requires the consideration of the effect of cumulative variations. Therefore this needs to be considered in taking this decision.
- 4.5.3 The figures set out at paragraph 4.4.6 of this report show the value of the overall contract, and the proposed increase due to the MHCLG additional grant funding. Taking these figures into account, the modification of the contract by the addition of the MHCLG funding is 37% (£483,090.00) of the overall contract value.
- 4.5.4 The provisions of Regulation 72 (1) (b) (ii) provide an exception "where all of the following conditions are fulfilled:—
 - 72 (1) Contracts and framework agreements may be modified without a new procurement procedure in accordance with this Part in any of the following cases:—

- (b) for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor —
 - (i) or
 - (ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority, provided that any increase in price does not exceed 50% of the value of the original contract;
- 4.5.5 In making this variation the above conditions of Regulation 72(1)(b)(ii) are deemed to be satisfied for the following reasons:
- (i) additional services have become necessary as a result of an increase in numbers of people rough sleeping;
 - (ii) the current contractor St George's Crypt is providing services in regards to people rough sleeping and a change of contractor would cause significant inconvenience or substantial duplication of costs for the Council; and
 - (iii) The increase in price by the addition of the MHCLG funding is 37% which does not exceed 50% of the value of the original contract. The additional funding does not change the overall nature of the contract.

In relying on this regulation, the Council will be required to send a notice to that effect for publication at EU level, in accordance with regulation 51.

- 4.5.6 There is no overriding legal obstacle preventing the variation of this contract under CPRs 21.7 and the contents of this report should be noted. The percentage value uplift of 37% is within the value permitted under Regulation 72 (1) (b) (ii) of the Public Contract Regulations 2015. In making the final decision, the Director of Resources and Housing should be satisfied that the course of action chosen represents best value for money.

4.6 Risk management

- 4.6.1 A risk matrix for this service is in place and will be reviewed and updated on a regular basis through the contract management process.
- 4.6.2 Risk management is built into the work of St George's Crypt who have experience and skills to manage risks of working with this vulnerable client group including delivering residential services and dealing with challenging behaviour. The HUB and Overnight service is a joint initiative with Leeds Housing Options who jointly manage risk on a daily basis.

5. Conclusions

- 5.1 There is an increasing number of people rough sleeping and begging nationally and in Leeds. Some people have entrenched and complex issues and do not engage with offers of assistance.
- 5.2 Adults and Health Commissioning are in the process of completing a strategic review of Street Based services in which trends and changing priorities in the city will be explored. Findings and recommendations from this review are expected to be achieved during 2021 and may suggest changes to this service along with the possibility of different services being commissioned.

- 5.3 Whilst the review takes place, we need to ensure that existing services are safe, sustainable and can prioritise risk. Joint analysis of service costs between officers and St George's Crypt identified that recent changes in service delivery in response to new demands has created funding pressures.
- 5.4 The funding for a variation in contract is made available from the allocation of MHCLG Flexible Homeless Support Grant funding up until March 2022 and is affordable subject to approval. This variation is time limited and subject to the recommendations arising from the strategic review of Street Based services.

6. Recommendations

The Director of Resources and Housing is recommended to:-

- a) Approve variation of the contract with St George's Crypt for delivery of the HUB and Overnight services for additional funding of £483,090.00 for 32 months through the modification of contracts during their term under Regulation 72 (1) (b) (ii) of the Public Contracts Regulations 2015 and under Contract Procedure Rules 21.7.
- b) Funding to be provided from 1st August 2019 to the end of the current contract period at 31st March 2022

7. Background documents¹

- 7.1 Equality, Diversity, Cohesion and Integration Screening tool (please see attached).

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.