

Authority to extend the Overnight and Hub service contract with St George's Crypt for a period of three years in accordance with Contracts Procedure Rule (CPR) 21.2 (contract extensions) and to vary the contract under CPR 21.7 by increasing the contract price by 33% from additional grant funding

Date: 28th February 2022

Report of: Head of Commissioning, Adults and Health

Report to: Director of Communities, Housing and Environment

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- This report seeks approval to utilise the three-year contract extension to the St George's Crypt Hub and Overnight services, contract reference DN251743, which are commissioned to provide supported accommodation to people who are rough sleeping or at risk of homelessness.
- This commissioned service contract was awarded from 1st April 2017 and expires on 31st March 2022. There is provision to extend the contract for a further three years from April 2022 built into the contract, which will allow the Council to extend the contract in a compliant manner and on the same terms and conditions. The Overnight service supports up to 14 people who are homeless or have been rough sleeping. The Hub service formerly offered short term emergency bed spaces but has been remodelled due to the Covid-19 impact on shared accommodation since March 2020.
- Both services contribute to the city and council ambitions and provide support to some of the most vulnerable people with complex needs. The particular strategic ambitions include -
Health and Wellbeing – ensure people with the greatest health inequalities and needs receive support to recover and improve their health and wellbeing.
Housing – providing support to people who are rough sleeping or at risk of homelessness or vulnerably housed, ensuring they return to suitable sustainable housing after a period of support.

- **Safer, strong communities** – keeping the most vulnerable people from harm and protecting them in a supportive environment.

Recommendations

- a) The Director of Communities, Housing and Environment is recommended to approve the application of the three-year contract extension to the St George's Crypt Hub and Overnight Service contract, reference DN251743, commencing 1st April 2022 to 31st March 2025 at a cost of £201,220 per annum. Total value of the extension £ 603,660.00.
- b) The Director of Communities, Housing and Environment is recommended to approve the continued inclusion of additional Government Homeless Prevention grant funding via a variation of contract of £143,560.00 from 1st April 2022 to 31st March 2023 plus £143,560.00 per annum for the second and third years of the extension (subject to grant funding). Total value £430,680 over the three-year period to maintain the current service delivery.

Why is the proposal being put forward?

- 1 This report contains proposals to enable continuity of provision in supported accommodation services by extending a contract issued from 1st April 2017 which will expire on 31st March 2022.
- 2 These services provide essential support to some of the most vulnerable people in the City, men and women who are homeless or rough sleeping. They also have complex needs including drug and alcohol dependency, mental health problems, domestic violence, and safeguarding vulnerabilities.
- 3 Allowing the contract to expire would result in loss of support to vulnerable people.
- 4 Following a strategic review of the city's Housing Related Support Services, on 1st April 2017 Leeds City Council awarded St George's Crypt a contract to deliver a service which provides vulnerable people with the opportunity to access Emergency accommodation as well as advice and assistance in preventing homelessness, rough sleeping and addressing housing need.
- 5 The Overnight Service and The Hub are commissioned with St George's Crypt and delivered from Great George Street premises which provide short term support to people who are homeless. 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.
- 6 The current contract was awarded in 2017 based on the service providing 12 HUB and 12 Overnight beds with support and staff available 24/7 (the overnight service) along with 12 single z-beds in a dormitory with support available from 7pm – 7am (the hub service). The service works closely with Leeds Housing Options and other Housing Related Support partners throughout the city.
- 7 In 2019 additional funding was provided to the service by an injection of Government Flexible Homeless Support Grant (now known as Homeless Prevention Fund) as a response to the demands on the service from an increase in complex needs clients requiring intensive support and the necessary increased staffing requirements. This was approved by a separate Delegated Decision in September 2019 and a contract variation for a period of 32 months to the end of the current contract in March 2022.

- 8 Approval is being sought to sustain this additional funding level for the full period of the 3-year contract extension by use of forthcoming 2022/23 Government Homeless Prevention Fund grant funding.
- 9 Since the Covid-19 pandemic and the initial Government response in March 2020 “Everyone In” services have been required to accommodate people who were rough sleeping in safe accommodation and not in close shared environments. This affected the delivery of the Hub service which has been unable to operate as normal due to the shared spaces and risks of virus transmission. Staff were deployed instead to support other emergency accommodation including hotel provision. The service has been very flexible and support from the staff has been essential to make sure that emergency supported housing has been available during a period of increased need and demand.
- 10 The temporary hotel provision is still required, with support staff working from this temporary site and funded through this contract. Longer term plans to reconfigure the Hub service and make it future proof in view of Covid-19 are being drawn up to be implemented during the 3-year contract extension period.
- 11 The Overnight service has been largely unaffected by the Covid-19 pandemic, each room being self-contained and support staff able to continue to safely support clients at the service and move them on to more independent living accommodation. Work has been done in late 2021 to utilise some of the Hub rooms to expand the Overnight service and maximise resources at the site whilst longer term options are explored.

What impact will this proposal have?

Wards affected: Little London and Woodhouse

Have ward members been consulted? Yes No

- 12 It is expected that from April 2022 onwards during the extension period of the contract a strategic review of services which provide support to people rough sleeping and homeless will be undertaken, ensuring that a suitable offer of services and support to meet demand and meet safe standards of Covid-19 compliance is available. This will be completed to enable any new services to commence from April 2025 onwards.
- 13 Both the Overnight service located at the city centre premises, and the temporarily relocated Hub service deliver essential services for the most vulnerable people with complex support needs who require emergency and supported accommodation. They deliver high quality support with St George’s Crypt staff working closely with partner organisations including Leeds Housing Options and other commissioned providers.
- 14 It is essential that this provision continues and is contract managed under a contract by officers within Adults and Health commissioning team, to deliver outcomes for vulnerable people and help the Council meet its objectives around reducing rough sleeping and minimising homelessness.

What consultation and engagement has taken place?

- 15 Advice has been sought from Council officers within Procurement and Commercial Services (PACS) and consultation has taken place with the Executive Member for Environment and Housing.

What are the resource implications?

- 16 The extension period is part funded through existing budgets whilst the additional income of £143,560 p.a. is from Government Homeless Prevention Grant funding. The Council has received an allocation for Homeless Prevention Fund grant for 2022/23 (which covers the first year of the extension). This is an annual award. In the unlikely event that this funding is not available for future years, i.e. the second and third year of the extension, a review of available funding will be undertaken to prioritise funding from other sources.
- 17 The proposal to extend the contract is judged to be value for money and an effective use of Council resources, thereby demonstrating Best Value. Considering current financial pressures, officers in Adults and Health commissioning have undertaken a review of all upcoming contract decisions and have concluded that this extension should go ahead at the current value, because:
- the original financial modelling ensured that the contract was procured at the minimum cost possible to meet its specific requirements
 - having reviewed the contract terms and specification, any budget reduction would directly impact on frontline delivery and lead to fewer people being supported which is not viable because of high demand
 - the service meets the key council priorities of reducing health inequalities and responding to Covid-19

What are the legal implications?

- 18 This decision relates to the original key decision made in March 2017 to award the original contracts and provision to extend. Due to the change in contract value in 2019 since the previous decision a new key decision is required for approval to apply the available extensions and sustain the enhanced contract value for the extension period.
- 19 As the overall value of this decision exceeds £500,000 it is classed as a Key Decision and will be subject to call in. The report does not contain any exempt or confidential information under the Access to Information Rules.
- 20 The modification of contracts is governed under the Public Contracts Regulations 2015 at regulation 72 (Modification of contracts during their term). 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.
- 21 The overall contract value at the time the original contract was established, in April 2017, including available extension periods was to a maximum of £1,289,760 as stated in the original Key Decision report of February 2017.
- 22 Taking this figure into account, the continued additional Homeless Prevention grant funding, the variation amount, for the three-year contract extension is £430,680 or 33% of the value of the original contract.
- 23 The provisions of Regulation 72 (1) (b) (ii) provide an exception to modify a contract without a new procurement procedure 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.”

24 In making this variation the above conditions of Regulation 72(1)(b)(ii) are deemed to be satisfied for the following reasons:

- (i) additional staffing is still required to meet the increased complexity of needs shown in the numbers of people rough sleeping.
- (ii) the current contractor St George’s Crypt is providing services in regard 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 Department of Levelling Up Housing and Communities (DLUHC) funding is 33% 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 Regulation 72(1)(b)(ii), the Council will be required to send a notice to that effect for publication on Find a Tender.

The recommendations within this report are in accordance with Contracts Procedure Rules 21.1 and 21.7 which allow for a contract to be extended and varied before its expiry date where it is in accordance with its terms and proves to deliver value for money. Although there is no overriding legal obstacle preventing the application of the extension and the variation of this contract (assuming the contract is extended on the same terms and conditions), the contents of this report should be noted. In making the final decision, the Director of Communities, Housing and Environment should be satisfied that the course of action chosen represents best value for money.

What are the key risks and how are they being managed?

25 The Overnight Service and the Hub are being delivered successfully despite the challenges from the Covid-19 pandemic with increased awareness of safety and hygiene. The Hub service has temporarily relocated to more suitable premises, an examination of how this will be delivered in future years and be Covid-19 compliant regarding social distancing and self-contained rooms will be drawn up during the extension period of the contract.

26 A risk exists related to the availability of Homeless Prevention Fund grant as this is only approved by DLUHC annually. However, given the ambition of the Government to end rough sleeping, it is anticipated that this will be available for the next three years. If the grant is not available from 2023, other sources of funding will be identified.

27 A risk applies in not using the available contract extensions and the essential services being disrupted and loss of capacity in services which support people who are rough sleeping or at risk of homelessness.

Does this proposal support the council's three Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

Options, timescales and measuring success

What other options were considered?

28 Options are being considered for the long-term delivery of these services from 2025 onwards at the expiry of the contract extensions, around the risks of Covid-19 and accommodation-based services. However, no immediate changes or options have been recommended, therefore the services are required to continue under current arrangements and discussions will take place as part of a full strategic review and engagement with stakeholders.

How will success be measured?

29 Success from the Overnight and Hub services is measured in the successful engagement of people with support staff, providing a full assessment of needs and risk which is transferred into a support plan to help with needs of mental and physical health, substance misuse and finding settled accommodation. Many of the people who access the Overnight and Hub services move on to placements within other commissioned services that can deliver ongoing housing related support.

What is the timetable for implementation?

30 The contract extension and variation will be requested in February to be applied during March ahead of the current contract expiry date of 31st March 2022.

Background papers

31 Equality, Diversity, Cohesion, and Integration Screening paper.