

Cabinet	 TOWER HAMLETS
29 November 2023	
Report of: Denise Radley, Corporate Director of Health and Adult Social Care and Deputy Chief Executive	Classification: Unrestricted
Single Homeless Hostels – Extension to contracts	

Lead Member	Councillor Gulam Kibria Choudhury, Cabinet Member for Health, Wellbeing and Social Care
Originating Officer(s)	Ben Gladstone, Deputy Director, Hibo Mohamed, Senior Commissioning Manager- Housing with Care, Ageing Well-Integrated Commissioning
Wards affected	All wards
Key Decision?	Yes
Reason for Key Decision	Significant impact on wards
Forward Plan Notice Published	16 October 2023
Strategic Plan Priority / Outcome	The provision of hostel services to residents living in Tower Hamlets supports the following strategic plan priority 1-Tackling the cost-of-living crisis and Priority 2: providing homes for the future by providing accommodation to residents threatened with homeless/homeless by providing accommodation and preventing rough sleeping. Priority 5-Investing in public services: the hostels sector is commissioned to support vulnerable homeless people with multiple and complex needs and serious physical and mental health needs. Priority 6- Empowering communities and fighting crime: through providing hostel accommodation to residents in Tower Hamlets who are at risk of homelessness/homeless this prevents rough sleeping and consequently reduces the levels of street crime.

Executive Summary

This report responds to the need to ensure that a new service model for hostels is in line with the priorities of the Homelessness and Rough Sleeping Strategy currently in development and aligns with the other hostel provision in the Borough to improve outcomes for residents and maximise use and value for money. In addition, it seeks permission to extend the hostel contracts further by a period of 12 months until end November 2024 to be able to complete the recommissioning and tender process, leading to the award of new hostel contracts in 2024.

The reasons for the need to further extend the five contracts for single homelessness hostel provision are set out in detail in this report,

Recommendations

The Mayor in Cabinet is recommended to:

1. Authorise the Corporate Director Health and Adult Social Care and Deputy Chief Executive to extend the five hostel contracts referenced below until 30 November 2024 to allow Officers to review and competitively tender the services. The hostels are:
 - Founders House
 - Riverside Complex
 - Daniel Gilbert House
 - Edward Gibbons House
 - Providence House
2. Following the review of the services, authorise the Corporate Director Health and Adults Social Care and Deputy Chief Executive following consultation with the Mayor to award new hostels contracts in accordance with the tender results as determined by the application of the published evaluation criteria.

1 REASONS FOR THE DECISIONS

- 1.1 This report responds to the need to ensure that any new service model for these five hostels is in line with the priorities of the Homelessness and Rough Sleeping Strategy that is currently in development and aligns with the other hostel provision in the Borough to improve outcomes for residents, maximise use and value for money. In addition, it seeks permission to start the recommissioning and tender process, leading to the award of new hostels contracts in 2024.
- 1.2 The procurement of the hostel services was originally timetabled to be completed by the end of the contract (30 September 2023). However, it has been crucial to give consideration to the new Homelessness and Rough Sleeping Strategy when devising a new service model for hostel services. Furthermore, there is a need for an updated needs analysis as the last Homelessness and Hostels Health Needs Assessment was completed in January 2022. A refreshed Homelessness and Rough Sleeping needs assessment is currently in development and will be published by February 2024.
- 1.3 The five extended contracts for the provision of hostel services are due to expire on 30 November 2023.
- 1.4 The new procurement process is anticipated to take up to a total of twelve (12) months to complete. This will include a period of pre-tender needs assessment and market analysis and engagement (3 months), the

preparation of revised tender documentation including a service specification, outcomes monitoring framework, contract schedules and agreed price: quality weighting and scoring mechanism (3 months), a tender process (2 months) and contract award (1 month).

- 1.5 In addition, a further period of transition and contract mobilisation will be necessary following contract award. The Corporate Director of Health and Adults Social Care and Deputy Chief Executive will report on progress to the Mayor and Lead Member.
- 1.6 The Council is committed to protecting vulnerable people in the Borough and the recent extension of the contracts has been necessary to avoid a significant impact on the lives of vulnerable service users who may otherwise require assistance from one of the Council's statutory services.

2 ALTERNATIVE OPTIONS

- 2.1 The only other option would be to decommission the services; however, this would have an adverse impact on vulnerable service users with physical, mental health and substance misuse issues. Furthermore, due to the significant needs of many of the service users without the hostel provision they may require greater assistance through one of the Council's statutory services such as requiring temporary accommodation through Housing which would be significantly more costly.

3 DETAILS OF THE REPORT

- 3.1 Hostels represent the largest proportion of commissioned accommodation provision for homeless people in Tower Hamlets and these services provide a significant opportunity to improve the quality of life and outcomes for this population.
- 3.2 Integrated Commissioning is responsible for commissioning five hostel contracts in the borough, providing a total of 339 bed spaces at a cost of £2.8 million p.a. In addition to these five contracts, the Greater London Authority (GLA) funds one further hostel in the Borough known as East London Apartments (ELA). This has 31 beds at an annual cost of £570,750.
- 3.3 The Councils Housing Team also commission and provide a 35-bed service for rough sleepers at Luke House which is funded through the Rough Sleepers Initiative (RSI) administered by the Department for Levelling Up, Housing and Communities (DULHC). The contract value is £2,704,761 over a three-year period (£901,586 pa).
- 3.4 Annual uplifts will increase the contract values as part of the Councils commitment to the London Living Wage and other inflationary pressures.
- 3.5 The hostels sector is commissioned to support vulnerable homeless people with multiple and complex needs including physical and mental health needs. This includes service users who have been assessed under the Care Act 2014

as eligible for care and support by Adult Social Care (ASC) and those who have a Care Programme Approach (CPA) already in place. The people who are supported by hostels are some of the most vulnerable in the Borough and are often care leavers, ex-offenders, people with physical disabilities, people who have experienced childhood abuse, women fleeing domestic violence or sexual exploitation, those with a history of rough sleeping, those who are alcohol dependent and vulnerable people with current or histories of substance abuse. Whilst these services are not statutory, they do enable the Council to discharge its statutory duties in relation to providing Housing.

- 3.6 Hostels provide a transitional accommodation option for people with housing related support needs and deliver programmes of support and aim to achieve the following objectives:
- Improve access to health services and encourage healthy lifestyles.
 - Maximise and maintain income.
 - Maintain personal safety and security.
 - Minimise substance misuse and develop personalised harm reduction strategies.
 - Create a place of change and progression with an emphasis on engagement with services, key work and move-on.
 - Work in partnership with other agencies including in-house specialist services and external services and activities.
 - Facilitate access to culturally specific services and legal advice where required.
 - Promote social inclusion: encourage, facilitate, and support continuous access to both existing and new positive social networks and activities.
- 3.7 Hostels are preventative services that aims to improve the quality of life, independence and outcomes for service users and reduce reliance on further intervention/services that are also often more costly.

Savings

- 3.8 Following a previous comprehensive review of the services, two savings proposals were put forward in 2021-22 and 2022-23. These two savings proposals have both been at Cabinet through the Medium-Term Financial Savings (MTFS) process.
- 3.9 The first MTFS proposal (SAV / HAC 013 / 21-22) committed to finding a £100,000 saving in the 2022-23 financial year. This was initially proposed to be achieved by improving the pathways between our drug treatment services and hostels provision. However, a specific project to deliver this saving across the two portfolios was not arrived at and it was agreed that this saving could be achieved by remodelling the hostels pathway (specifically the removal of the 21-bed Grieg House building from the Riverside Complex contract). Work to progress this change has now completed and commissioning is now renegotiating the contract values with the service provider (The Salvation Army) and savings will be realised from the last quarter of 2023/24.

- 3.10 The second MTFs proposal (SAV / HAC 001 / 23-24) outlined a commitment to realise £200k of savings over 2024-25 and 2025-26 through a decommission of a 58-bed hostel (the Dellow Centre) with the balance between the support contract and saving being reinvested into an improved support model for people with complex needs.
- 3.11 The Dellow centre was successfully decanted by 30 September 2023 and has been returned to the landlord. Integrated Commissioning is now working with the service provider (Providence Row Housing Association) to fulfil any remaining contractual obligations and savings will be realised from the last quarter of 2023/24.

Investment into the Pathway

- 3.12 It is proposed that the balance of funds following the Dellow Centre Decommission will be ringfenced and reinvested into the hostel's pathway. Specifically, Officers are exploring options to improve access to statutory services for homeless residents through the provision of specialist health and social care workers. A strong academic case has been made for these posts nationally and it is our intention to explore the potential impact in Tower Hamlets by running a "Care Coordination pilot" which has been set-up as part of the Tower Hamlets Together (THT) Improving Equity Programme.
- 3.13 The pilot has brought together colleagues from Adult Social Care, the Health Trusts, Primary Care, Substance Misuse and Housing who will work with a small cohort of hostel residents and track the impact of care coordination over a 12-month period.
- 3.14 The project has been established using Quality Improvement (QI) principles and we have allocated business analyst support from East London Foundation Trust (ELFT). It is hoped that by bringing colleagues together and utilising a multi-disciplinary team approach the project will evidence improvements to people's health, independence, and the quality of care received while also improving value for money. Key metrics will include the number of accidents and incidents occurring in services, the number of blue light callouts to hostels, hospital admissions and self-reported satisfaction with the quality of care received.

Contracting Approach

- 3.15 The procurement of these services was originally timetabled to be completed by end of the current contracts (30 September 2023) however there have been challenges with regard to staff capacity as Officers have been focussing on the delivery of operational savings outside of competitive tendering (see savings section above).
- 3.16 The five hostel contracts listed below have been extended via RCDA until 30 November 2023 and it is proposed that all five of these contracts are extended

for a further period of 12 months (up to 30 November 2024) to allow Officers to complete a competitive tender exercise.

Single homeless hostels	Bed spaces	End date	Value pa
Riverside Complex Riverside (40 beds for women) Matthew House (20 one bed-flats)	60	30/11/2023	£446,519
Founders House • 84 beds • 15 bed assessment centre • 19 step-down flats	123	30/11/2023	£876,868
Providence House • 33 units (one bed flats with en-suite)	33	30/11/2023	£309,140
Edward Gibbons House • 37 units for male substance misusers only (CQC registered wet hostel)	37	30/11/2023	£562,965
Daniel Gilbert House • 83 beds • Four bed Assessment Centre • One emergency bed	88	30/11/2023	£618,563

- 3.17 This longer extension period will allow Officers to undertake a review of the emerging needs following the closure of the Dellow Centre and Greig House, the service pathway, service provision and consider better alignment between Hostels and the Mental Health pathway which is also due to be procured in the next year.
- 3.18 The annual contract value for the five hostel contracts for 2024/25 onwards will be determined on an annual basis as part of the annual inflationary uplift negotiations with the respective providers. These will account for national increases in the London Living Wage as well as other price and wage cost pressures in the care market for the sector.
- 3.19 These contract extensions will also enable Officers to carry out the further work required in partnership with Housing to ensure that any new service model for hostels fits with the priorities of the upcoming Homelessness and Rough Sleeping Strategy and to ensure that there is comprehensive join up between the hostels and the remaining service and support on the housing pathway.
- 3.20 Finally, this time will also allow Officers to undertake appropriate research/consultation and engagement/co-production which has been highlighted as a gap.

- 3.21 The proposed route to market is to issue one competitive tender with five lots. Each service/lot will have a separate specification and three of the five contracts will require bidders to offer a building. This is due to the incumbent support provider owning the building from which support is currently delivered. Where this is the case, the landlord has confirmed that they will not permit another support provider to deliver a housing related support service from their building.
- 3.22 Officers propose offering a three year contract with three one year extensions (3+1+1+1). This will give providers confidence and stability to recruit longer term-staff (currently providers rely heavily on agency staff) and also allow us to work in partnership to improve the interface(s) with stakeholders and improve the pathway(s) both into independence and into other services.

4 EQUALITIES IMPLICATIONS

- 4.1 As part of the commissioning process, Officers will undertake an Equalities Impact Assessment to assess whether the changes to the service and contractual model could have any adverse impacts on those with protected characteristics. Mitigations will then be identified and acted on to minimise any adverse impact.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.
- 5.2 Providing hostel accommodation to those who had been rough sleeping or are at risk of rough sleeping reduces the level of street crime and its impact on communities. It also safeguards vulnerable residents often with physical, mental and substance misuse issues.
- 5.3 The new contracts awarded to hostel service providers will need to ensure Best Value for the Council whilst ensuring that staff are paid at least the London Living Wage.
- 5.4 It will be important to ensure that all personal data processed and stored by the providers is kept secure and in compliance with the General Data Protection Regulations (GDPR). This will form part of the contract conditions.
- 5.5 Officers will seek evidence of Social Value both during the tender period where this will form 10% of the quality weighting and subsequently work with hostel

service providers to ensure this is realised including increasing apprenticeships, employment, and training opportunities for residents of Tower Hamlets. Hostel service providers will therefore actively seek to improve local employment and where possible offer opportunities to local individuals. This will include opportunities for Service Users as appropriate to the outcomes they are seeking.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The annual contract value for the five hostel contracts, including MTFS savings, amount to £2.805m, at the current agreed contract prices for 2023/24.
- 6.2 Costs are funded within the existing budget in Integrated Commissioning.
- 6.3 A full competitive tender exercise for these contracts will determine if further savings and efficiencies can be identified.

7 COMMENTS OF LEGAL SERVICES

- 7.1 The Council has the legal power to undertake the activities detailed in this report.
- 7.2 The contract extensions constitute new awards for the purposes of the Public Contracts Regulations 2015. Regulation 32 provides that the Council may negotiate a new award (rather than run a competitive exercise) where competition would be absent for technical reasons and no other reasonable alternative exists.
- 7.3 The Council only requires a comparatively short extension which would not justify the cost of tender borne by the contractor and make such a tender opportunity reasonably uneconomic for a bidder who is not the existing provider. Also, a change of contractor may render it necessary to move service users to new accommodation for a short period of time which would be undesirable both to the Council and the individuals. Therefore, the Council may satisfy itself if tested at law that Regulation 32 would apply to the extensions.
- 7.4 The Council's overall legal duty (and the one under which most procurement challenges arise) in respect of the extensions is not to act anticompetitively. The report references a clear intention to go to market demonstrating that the extensions are borne out of expediency rather than a desire to act anticompetitively.
- 7.5 The Council has a legal duty to obtain Best Value in terms of economy efficiency and effectiveness. A significant contribution to this legal duty is the Council reviewing the nature of its purchases prior to going to market. The one year extensions allow the Council to undertake this review and therefore the extensions contribute to the future satisfaction of this legal duty. Also, the review of the purchased services ensures that over time there is continuous improvement.

- 7.6 The new contracts will be subjected to competition with bidders assessed and chosen against pre-published evaluation criteria. The subsequent contracts will allow for contract monitoring and compliance all of which will further demonstrate the Council's compliance with its Best Value duty.
- 7.7 It is likely that many of the Service Users will have various protected characteristics as defined by the Equality Act 2010. Therefore, any decision other than to extend the existing provision may only be taken following further detailed equality analysis so that the Council may properly understand the impact such changes would have on such persons when compared with those people who do not have the same protected characteristics.
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Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- None.

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None.

Officer contact details for documents:

Ben Gladstone, Deputy Director, Ageing Well- Integrated Commissioning