



<b>Report for:</b>	<b>Housing and Communities Overview and Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>9 October 2019</b>
<b>Part:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>The Elms Contract</b>
<b>Contact:</b>	Cllr Margaret Griffiths, Portfolio Holder for Housing  Natasha Beresford, Strategic Housing Group Manager Oliver Jackson, Supported Housing Team Leader
<b>Purpose of report:</b>	1. To provide Members with an update on the developments
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. For Members to note the Strategic Housing Service proposal to award a 1-year concessionary contract to DENS, to continue providing managing agent services whilst the soft market testing is undertaken.</li> <li>2. Members to offer feedback regarding the Strategic Housing Service proposal.</li> </ol>
<b>Period for post policy/project review</b>	Further report to be presented to Members early 2020 outlining the options appraisal process and key feedback.
<b>Corporate objectives:</b>	<p>The Strategic Housing Service's responsibilities and activity in relation to the Elms contract contributes to the following corporate objectives:</p> <ul style="list-style-type: none"> <li>• Clean Safe and enjoyable environment.</li> <li>• Providing good quality affordable homes, in particular for those most in need.</li> <li>• Building Strong and vibrant communities</li> </ul>
<b>Implications:</b>	<u>Financial</u>
<b>'Value for money' implications</b>	Failure to ensure that the council has sufficient services in place to meet the demands of single homeless clients in the borough, would have a direct impact on the ability to prevent prevention of homelessness and cause additional pressures on temporary accommodation provision. Furthermore, failure to

	<p>provide such provision would be in direct conflict with the requirements of the Homeless Reduction Act 2017 and the government commitment to eradicate rough sleeping by 2027.</p> <p><u>Value for money</u></p> <p>Any income gained from activity related to regulating the private rented sector, is ring-fenced and must be retained for expenditure within the general fund to deliver an effective private sector housing service.</p>
Risk implications	The risk register presented to members on a quarterly basis considers this service remit.
Community Impact Assessment	A community impact assessment will be undertaken in line with the tender process.
Health and safety Implications	Failure to ensure that the Elms contract is adequately managed, which includes the maintenance and compliance elements of the asset, would have direct Health, Safety and serious safeguarding issues for the council. By not having a robust contract in place to manage this asset, the council risks reputational impact.
Consultees:	<p>Fiona Williamson, Assistant Director Housing</p> <p>Mark Gaynor, Corporate Director Housing and Regeneration</p>
Background papers:	<p>Appendix 1 – Project Initiation Document (PID)</p> <p>Appendix 2 – Elms 4 year review</p>
Glossary of acronyms and any other abbreviations used in this report:	KPI – Key Performance Indicator

## 1. Introduction

1.1 The Elms is a purpose built facility providing 44 rooms of emergency accommodation and crash pad facilities for homeless people. The Elms supports the council's No Second Night out Policy to end rough sleeping in the borough and is a key facility in fulfilling the council's statutory responsibilities under the Homelessness Reduction Act 2017.

1.2 On the 18 December 2014 the contract for the delivery of The Elms was awarded to DENS with a formal contract commencement date of 1 May 2015. The contract was awarded for a 5-year period due to expire on 30 April 2020.

1.3 Throughout the tender process DENS demonstrated expertise in a wide range of areas including extensive experience of running DENS Night Shelter, Day Centre, Rent Aid, Foodbank and Equipped to Change program.

1.4 Overall responsibility for the contract sits with the Group Manager for Strategic Housing as the 'Contract Manager'. The contract is reviewed on a monthly basis by the Operational Manager (Independent Reviewing and Project Officer) and DENS Hostel Manager. Where there is underperformance or non-compliance, the Contract Manager will follow the Remediation Process set out in the terms and conditions of the Contract.

1.5 There are no major non-conformities or contract breaches, small change control arrangements have been implemented in relation to day-to-day processes and updating the Key Performance Indicators (KPI's) and targets associated with them. The service regularly meets and exceeds current contractual KPI's.

1.6 The purpose of this report is to provide members with an update on the current contractual position relating to The Elms.

## **2. Current situation**

2.1 Since the contract award there has been significant change in legislation and demand in Homelessness. The introduction of the Homelessness Reduction Act 2017 has placed greater duty on DBC to provide more in depth and tailored support to single homeless individuals who do not meet the criteria to be considered Priority Need for assistance. There is a significant push from central government to eradicate rough sleeping by 2027 and the complexity of the needs of individuals we are supporting has increased. Therefore, there is a need to have services that offer additional value, can meet the needs of a range of different people and that offer value for money.

2.2 The Strategic Housing Service has been undertaking preparatory work for the re-tender of this service with the current contract due to expire in May 2020. Initially it was proposed to go out to tender in August 2019, with a view to award a new 5 year contract early 2020 to the successful provider. Given the increase in demand, shift in service requirements and the current position from central government it is appropriate to understand what the market has to offer in relation to what the council needed by way of delivery from the new contract. The council's priority is in ensuring that it's asset is robustly managed in accordance with all legal requirements and that the council was able to not only fulfil its statutory requirements, but maximise the opportunity to deliver initiatives that would prevent homelessness. In order to achieve this it was felt that further soft market testing was required.

2.3 In addition, the council needed to consider all options available to ensure that it was making the most appropriate decision for the organisation including the financial position. In order to ensure that the council is able to fully consider the following options, it is proposed that a 1-year contract will be awarded to DENS from April 2020, to enable further scoping and proposals to be submitted to Cabinet.

2.4 In discussion with a range of departments across the organisation the four options for consideration when looking at the re-tender are as follows:

1. The Strategic Housing Service bid for the contract to be retained in house
2. Contract delivery with external provider, repairs to be undertaken by DBC
3. Contract delivery with external provider, responsive repairs to be undertaken by provider and compliance/cyclical repairs to be undertaken by DBC
4. Contract delivery with external provider, all repairs to be undertaken by provider

2.5 In order for the options appraisal to be carried out, there is a need to award a 1-year concessions contract to DENS. For this to be considered as a concessions contract, the following must happen:

- The value of the contract must not exceed £4,000,000.
- Should the income related to the contract reduce for any reason the Council will not be liable to financially support the provider.
- That there has been a change in the sector that would necessitate the further contract award.

2.6 The current annual value of The Elms contract is (amount here), broken down as below follows:

<b>Income:</b>	<b>Amount:</b>
Rental income	£643,165.82
Housing related support funding	£114,000
Laundry income	£1,155.11
Donations	£1000
<b>Total Income:</b>	<b>£759,320. 93</b>
<b>Value:</b>	
CCTV provision:	£16,610
HR support:	£500
Training:	£500
Provision of IT equipment	£700
Business rates per annum:	£9271.80
Office Rent:	£6516
Access to Tenant academy:	£2000
<b>Total:</b>	<b>£36, 097.80</b>
<b>Total value of contract:</b>	<b>£795, 418.73</b>

2.7 The current contract with DENS does not include any financial support for the provider should income be reduced either by withdrawal of funding or loss of rental income.

2.8 As mentioned earlier within this report there has been material change in homelessness sector with introduction of new legislation that has placed greater

emphasis on prevention and supporting those that may not have been traditionally classed as being in priority need.

2.9 The one-year contract period would offer benefits to both DENS and the Council. For DENS, this would be an additional year for them to be running the hostel and to continue the positive work they have been doing during the current contract.

2.10 For the Council the year contract award would provide time to carry out some soft market testing to engage with other providers. It would allow the council more time to understand what added value could be sought from the contract and it would allow time to develop a contract that bought value for money for those accessing the service and the organisation.

### **3. Conclusions**

3.1 Members have been provided with an update of the current position in respect of the Elms Contract and the current audit-monitoring programme, additionally members have been furnished with the recommendations made as part of the audit, progress and outcomes from the recommendations will be built into the future tender specification.

3.2 Members to note that a project team to include members of Strategic Housing, Property and Place, Finance, Procurement and Estates is to be established in Quarter 4 to undertake a full options appraisal of the contract ahead of re-tender.