



Report for:	Cabinet
Date of meeting:	27 th July 2021
Part:	1
If Part II, reason:	

Title of report:	Elms Hostel, contract management
Contact:	Margaret Griffiths, Portfolio Holder Housing Author/Responsible Officer – Fiona Williamson – Assistant Director - Housing
Purpose of report:	To outline the options for the ongoing management of the Elms Homeless Hostel and provide updated performance management information.
Recommendations	It is recommended that: <ol style="list-style-type: none"> 1. The Council extends the concessionary contract by a further two years, on the basis of a 1 plus 1 year extension, subject to ongoing satisfactory performance. 2. The additional years' extensions are linked to performance which should be at, or above, target and that this is reviewed on an annual basis to ensure services are delivered in line with the contract.
Corporate Objectives:	Providing good quality affordable homes, in particular, for those most in need – including Temporary Accommodation Ensuring efficient, effective and modern service delivery
Implications:	<u>Financial</u> <u>Financial</u> The financial implications of the various options have been considered. The budgets are monitored and reported as part of

<p>'Value For Money Implications'</p>	<p>the Monthly Budget Monitoring Meetings with the HRA Financial Accountant. Budget Reporting is quarterly to Housing and Communities Overview and Scrutiny Committee.</p> <p><u>Value for Money</u></p> <p>The options appraisal considered the value for money assessment of the proposal to award a commissioning contract and informed negotiations with DENS to ensure that Value for Money could continue to be demonstrated.</p>
<p>Risk Implications</p>	<p>The pandemic has resulted in an increased number of homeless individuals and households that have presented to the service and the Elms continues to operate at capacity. Procurement of a new provider during this period would put additional pressure on the service and would divert resources and this would negatively impact the response to pandemic-related homeless cases.</p>
<p>Community Impact Assessment</p>	<p>Community Impact Assessments are developed whenever there is a requirement to change or create a new policy or procedure or significant change to service delivery.</p>
<p>Health And Safety Implications</p>	<p>The existing policies relating to the management of the health and safety will apply, so there are no additional implications.</p>
<p>Monitoring Officer/S.151 Officer Comments</p>	<p>Deputy Monitoring Officer: The proposed contract extension to DENS would be in furtherance of the Council's housing strategies and housing obligations.</p> <p>The contract extension complies with both the Council's Procurement Standing Orders and Concession Contracts Regulations 2016.</p> <p>Deputy S.151 Officer Dacorum Borough Council does not pay DENS to deliver the core homelessness service at the Elms, these costs are funded through rental income and other contributions as detailed in para 4.01.</p> <p>The Concessionary contract with DENS started in June 2020 and this recommendation will extend that contract until June 2023, which would result in an estimated contract value based on turnover of £3m which is within the £4.733M threshold as outlined in the Concessionary Contract Regulations 2016.</p>
<p>Consultees:</p>	<p>Mark Gaynor – Corporate Director, Housing and Regeneration</p> <p>Jason Grace – Group Manager Property and Place</p> <p>Natasha Beresford – Group Manager Strategic Housing</p> <p>Oliver Jackson – Group Manager Tenants and Leaseholders</p>

	<p>David Barrett – Group Manager, Housing Development</p> <p>Ben Hosier – Group Manager, Procurement and Contracted Services</p> <p>Nigel Howcutt – Assistant Director, Finance and Resources</p>
Background papers:	Covid-19 Impact Report, Cabinet, 23 June 2020
Glossary of acronyms and any other abbreviations used in this report:	<p>DENS – Dacorum Emergency Night Shelter</p> <p>HRS – Housing related support</p> <p>HCC – Hertfordshire County Council</p> <p>NNDR – National Non-Domestic Rates</p>

1.0 Introduction

- 1.01 The Elms hostel was commissioned in 2015 and, following a procurement process, DENS was successful in securing the contract to act as a managing agent for the facility on behalf of the Council. The Strategic Housing Service works closely with DENS to ensure that a consistent and high-quality service is provided to single homeless clients. A key element of delivering accommodation for these clients is the ongoing management of the Council's contract for the Elms Hostel, as this underpins the Council's Homelessness strategy. A strong working partnership has been developed between the Council and DENS and there are a number of ongoing projects that are being jointly resourced to address the increasing demand upon the Homelessness service within Dacorum.
- 1.02. DENS is required to deliver a service that promotes inclusion and does not prevent access unreasonably to any one group of people. Rooms are let on a priority basis to those single homeless clients with a local connection to Dacorum. The hostel provides accommodation for individuals with varying levels of support needs, including those with very complex needs. As DENS receives an element of grant funding from HCC in the form of the Housing Related Support (HRS) Grant, the level of support must be provided in line with HRS contract requirements.
- 1.03 DENS is required to demonstrate to the Council the successful move on of clients. Successful move on is defined as a client leaving the hostel to move into more settled accommodation in a planned way, through engagement with support and services. Each client receives support from a dedicated officer, who develops a support plan that is appropriate and meets a full range of client needs, which focuses on clients achieving certain outcomes and improving their independent living skills.
- 1.04 The Council requires DENS to fund and provide training and educational programmes for the clients accommodated in the hostel. DENS deliver training directly and in partnership with other providers in Dacorum. Individual training needs are agreed with clients during the support plan process and include back to work pathways, independent living skills, life skills, and tenancy sustainment.

- 1.05 There are further requirements for DENS to continue to support clients through outreach services once they have left the hostel, through the employment of outreach officers, who follow up case management after move-on, to prevent future tenancy failure.
- 1.06 Work had been started to procure a new contract, using an open tendering process, and a Prior Information Notice (PIN) was issued by the Council in November 2019. Expressions of interest were received from four organisations; DENS, St Mungo's, Hightown Housing, and Thames Reach. All provided details as to how they would be able to deliver the services and, at that stage, consideration was given to a hybrid model, whereby the Council and one of the organisations worked jointly to deliver the service. The Hybrid model was investigated further and it was considered that it would not derive any additional benefits beyond the service model currently being delivered and may introduce more operational and contractual risks, so this was subsequently discounted.
- 1.07 The expressions of interest to manage The Elms, all provided details of how each organisation would approach the operational management of the service. The internal project team did not consider that there were any new initiatives or alternative approaches to service delivery that would result in an improvement upon the existing DENS service, or which demonstrated any enhanced benefits to the client cohort. It should be noted that the PIN submissions are the preliminary part of the procurement exercise and that the opinions of the project group were based upon these initial submissions, which had not been fully developed by any of the interested providers.
- 1.08 The procurement of a new contract was then suspended due to the pandemic and the need to focus on operational delivery due to the rise in homeless numbers. The original five-year contract was extended by 2 months to June 2020 and authority was granted by Cabinet, on 23rd June 2020, to award a concession contract for a one-year period, with the option of extending for a further year, to June 2022 to provide resilience during the Pandemic and in the recovery phase.

2.0 DENS Performance

- 2.01 It is acknowledged, both by officers and members, that DENS provide a valuable service to Dacorum's homeless residents and that this extends beyond the provision of accommodation and support at the Elms. DENS has a strong brand identity as an effective homeless charity in the Borough and is able to leverage funding and other donations from individuals and businesses, and to invest in both the Elms and other community initiatives. DENS has been very successful in securing assistance with food donations and catering support to enable much of the food at the Elms to be heavily subsidised. It also has an established volunteer base, which is able to support some areas of delivery and it has a number of social enterprise opportunities, which assist their clients to develop skills and experience to secure employment.
- 2.02 DENS performance is assessed by way of monthly operational meetings, conducted with the Hostel Manager and the Council's Independent Reviewing & Project Lead Officer and quarterly Core Group meetings, led by the Group Manager, Strategic Housing. The Core Group meeting covers a number of areas against the contract including, building management and repairs, health & safety, staffing and delivery against the Key Performance Indicators, which

are outlined in Table 1 below. The performance report is contained in Appendix A and the Continual Improvement Review for the year ending September 2020, is contained in Appendix B.

2.03 In addition, quarterly joint monitoring meetings are held with Hertfordshire County Council, to monitor delivery against the Housing Related Support, commissioned contracts. The partnership relationship is strong and well managed, there have been no contract non-conformities or major delivery issues. Any minor issues arising are addressed through close joint working.

Table 1

Key Performance Indicator	Aspiration service level	Expected service level	Agreed service tolerance	Critical service level
Occupancy rate	96%	90%	70 - 89%	<70%
Percentage of rooms ready-to-re-let within 24 hours of becoming vacant	100%	90%	80 - 89%	<79%
Arrears as percentage of income	1.5%	2.5%	2.51 - 4%	>4%
Percentage of clients successfully moved-on (defined later in this document)	95%	80%	70-79%	<69
Percentage of clients receiving an initial assessment within 24 hours	100%	90%	80 - 89%	<79%
Percentage of clients receiving an initial support plan within 5 days	100%	100%	95%	<90%
Number of clients involved in service scrutiny (defined later in this document)	Minimum 5 people	Minimum 3 people	1 - 2 people	0 people
Number of clients accessing crash pad facilities	0	0	0	1 or more
Percentage of support plans up to date	100%	90%	80 - 89%	<79%

2.04 The impact of the pandemic increased the number of homeless presentations, due to the restrictions imposed through the Health Protection (Coronavirus Restrictions) (England) Regulations 2020, and the “Everyone in” requirement. At the height of the first wave, the number of homeless households increased from 95 to 160, and this figure included a large cohort of single individuals who were accommodated at the Elms hostel.

2.05 DENS worked closely with Public Health colleagues to make sure that all measures that were implemented at the Elms complied with the guidance and reduced the risk of virus transmission as far as possible. This involved a higher degree of control on the movement of residents, especially during the most restrictive lockdown period, and additional cleaning regimes and increased service provision to ensure that any residents who did test positive could self-

isolate safely and that any necessary medical supplies and food could be delivered to the individuals' rooms.

- 2.06 In summary, there are a number of benefits of maintaining an ongoing relationship with DENS, who aside from managing the Elms facility, provide a number of wider community initiatives including a food bank, a day centre services for homeless clients, access to move on accommodation, a community outreach day programme including a skills and training hub. DENS have both a very strong level of community support, including a large bank of volunteers.

3.0 Contract Options Appraisal

- 3.01 The impact of the pandemic and a desire to ensure continuity of service delivery during this challenging period, resulted in the initial two months extension to the original five-year contract, to conclude in June 2020. Subsequently authority was granted by Cabinet, on 23rd June 2020, to award a concession contract for a one-year period, with the option of extending for a further year, to June 2022 to provide resilience during the Pandemic and in the recovery phase.
- 3.02 A further review of the options for either procuring a new contract, or extending the concession contract, has been undertaken and the relative merits of each considered. The review has taken into account the marked increase in complex cases presenting as homeless. Such cases can have more than one negative factor influencing their ability to access and retain stable accommodation. These cases include those who have dual diagnosis, with alcohol and/or drug dependency combined with a mental health diagnosis, or those who due to Adverse Childhood experiences or who have been in care, which often impacts the ability to sustain tenancies. Additionally, the numbers fleeing domestic abuse are increasing.
- 3.03 At this time, HCC is also undertaking a review of temporary accommodation countywide, as part of the Hertfordshire Growth Board Development Programme. The review is considering opportunities to address the disproportionate availability of accommodation in relation to demand and to improve collaboration across districts. One option that is being considered, as part of this review, is to centrally control and procure services across the County. If this option is adopted, it will be necessary to consider the impact of this on any future contracts for the management of the Elms, as the Housing Related Support funding (HRS), currently £115K may be reduced, or allocated based upon differing criteria. Housing related support (HRS) services for adults with complex needs have been commissioned by Hertfordshire County Council since 2003, with the aim of developing or sustaining an individual's capacity to live independently in accommodation. The uncertainty that this would introduce into a procurement process would make it difficult for any potential bidders to assess the impact on the delivery of the service and therefore is likely to impact the costs in the tender returns. Therefore, it is considered prudent to ensure that the review is concluded, and the recommendations implemented, before a new contract is procured.
- 3.04 The Government has produced a Green Paper: Transforming Public Procurement and the consultation period closed on 10th March 2021. It is anticipated that this will result in some changes to future public procurement activities. Any anticipated changes would not impact the timeline for the current recommendations, but financial thresholds may be subject to revision and any

future procurement of the Elms contract will need to be in line with resulting changes to the Public Procurement Regulations.

- 3.05 The option to procure a new contract to deliver the management and operation of the Elms has been considered as there are a number of benefits to undertaking an open market tendering exercise, to provide a full assessment of service provision and costs. The ongoing uncertainty, as a result of the Covid-19 pandemic and the recent ending of the moratorium on evictions, is likely to continue with a period of significant increased demand on both the Elms service and the Council's homeless prevention team. It is crucial to provide stability and resilience, which could be undermined by diverting resource into a tender exercise. Additionally, the cladding on the hostel will need to be replaced imminently and DENS is aware of this and has agreed to work closely with the Council to ensure service provision can be maintained throughout the delivery of the project.
- 3.06 In summary, an extension of the period for the concessionary contract would enable the HCC review to conclude and the impact of the proposed changes to public procurement to be understood and would also provide a further period of much-needed stability and resilience for the both the current service provider and the Council.
- 3.07 Under the criteria set out in the Concession Contracts Regulations 2016, an option for the concessionary contract to be extended for a further two years on a 1+1 basis could be awarded to DENS, as the concessionary contract would transfer the operating risk to DENS. Should the recommendation to extend the concessionary contract with DENS be agreed, the total value of this concessionary contract should not exceed the £4.733M threshold, as outlined in the Concessionary Contract Regulations 2016.
- 3.08 It is proposed that the concessionary contract would be extended to June 2024, which would provide sufficient time for the recovery from the pandemic, conclusion of the HCC review, for the cladding works to be completed and the impact of any material changes to public procurement regulations to be understood. This would enable the retendering exercise will be reflective of the future delivery of the service and any improvements upon that which DENS currently provide. This approach will also provide the opportunity to consider the performance measures used on this, and other concessionary contracts that the Council awards, to make sure they deliver on the stated objectives and derive the maximum benefit to the community.

4.0 Financial Considerations

- 4.01 DENS receives the income from the rental licence fees, housing benefit and HRS grant income and some ancillary income from a van lease rebate, service charges, (including laundry services), and, in 2020, additional grant to address the impact of the Covid-19. The Council does not pay DENS for managing these services, as the contract was designed to have sufficient income from the rents and other income to cover the costs of the service provision.
- 4.02 Under the existing Elms contract arrangements, the Council recovers the costs of utilities and day to day repairs, but there is no provision for dilapidations or for ongoing management of cyclical repairs and maintenance, which the Council oversees. The Council also retains the insuring liability.

- 4.03 The Elms operation, managed by DENS, is a vital service, which underpins the Council's statutory response in preventing homelessness. Without the ability to prevent, or relieve, homelessness into a facility like the Elms, there would be significant additional pressures on the Council's Strategic Housing Service, which manages the homeless prevention response. Each household placed into the Council's own temporary accommodation, costs on average £67 per case in respect of administration costs. In addition, support provided at 1 hour each week per client, equates to an average cost of £1477.52 per client, if delivered by our internal Tenancy Sustainment team.
- 4.04 Where a client's homelessness cannot be relieved by placement into the Elms, it is necessary for the Strategic Housing Service to take a homelessness application, each application costs the Council on average £730 for non-complex case, rising to £1100 for complex casework and intervention, which further highlights the benefits of the existing contract with DENS for the management of the Elms to alleviate additional costs, which would otherwise be borne directly by the Council.
- 4.05 Should the recommendation to extend the concessionary contract with DENS be agreed, the total value of this concessionary contract with DENS will need to ensure that it does not exceed the £4.733M threshold as outlined in the Concessionary Contract Regulations 2016. An extension of the concessionary contract of a further two years is within this threshold value. The threshold limit of £4.733m is based on the turnover of the contract. In the case of the Elms service, this is the projected income received by DENS for the provision of housing and support services. As current income is projected to exceed expenditure, the Council receives a proportion of the annual surplus received by DENS towards the costs of cyclical maintenance.

5.0 **Recommendation**

- 5.01 It is recommended that the Council extends the concessionary contract by a further two years, on the basis of a 1 plus 1 year extension, subject to ongoing satisfactory performance.
- 5.02 It is recommended that the additional years' extensions are linked to performance which should be at, or above, target and that this is reviewed on an annual basis to ensure services are delivered in line with the contract.