

**To:** Delegated Decisions of the Board Member, Housing Needs

**Date:** 27th February 2012

**Report of:** Head of Business Improvement

**Title of Report:** AWARD OF CONTRACT FOR THE PROVISION OF A STREET SERVICES AND RECONNECTION SERVICE.

## **Summary and Recommendations**

**Purpose of report:** To authorise the award of a contract to provide a Street Services and Reconnection service. To also grant delegated authority to the Executive Director of Housing and Regeneration to award the contract.

**Key decision?** No

**Executive lead member:** Councillor Joe McManners

**Policy Framework:** Meeting housing need and an efficient and effective Council

**Recommendation(s):** The Board member is asked to:

- (1) Delegate authority to the Executive Director of Housing and Communities to enter into new Street Services and Reconnection service contract for 3 years with the option of a 2 year extension at the complete discretion of the Council.

Appendices to report: None

### **1. Introduction and Background**

- 1.1 This report sets out the procurement route that has been taken to identify a new provider of the Oxford's Street Services and Reconnection service, to assist Oxford City Council in meeting its objectives to reduce homelessness.

- 1.2 Oxford City Council currently has a contract with Crime Reduction Initiatives (CRI) to provide a Street Services and Reconnection service. The service is provided through the provision of a dedicated team of 6 members of staff including a Service manager, team leader, three outreach workers and a reconnection worker. CRI is a voluntary sector organisation who specialise in this area of work.
- 1.3 The team provides assertive outreach and support to the City's rough sleepers and hostel dwellers. The main aim of their work is to help people access appropriate accommodation and other services, thus reducing the number of people sleeping rough across the city.
- 1.4 The key target for this service is to maintain levels of rough sleeping in Oxford below 5 or as close to zero as possible. This target is set by the Department of Communities and Local Government (CLG) in central government.
- 1.5 The current providers have not met the target of keeping rough sleeping numbers below 5 or close to zero. The current providers have delivered an outreach service for the last 3 years, however, current best practice reflects that a more assertive approach to outreach is needed to get positive results. It was felt that by going to market now, the Council can reflect on what practices are currently being delivered in other areas that are resulting in a reduction of rough sleepers. This is to be used within the quality criteria used to assess tenders.
- 1.6 The funding for this service comes from an annual grant from CLG's Preventing Homelessness Grant to tackle a range of issues, including rough sleeping. The current grant allocation for 2011-2012 is £1,042,000; we believe this amount will be allocated next year.
- 1.7 The Council has been commissioning this service since 1<sup>st</sup> April 2008 and the current contract with Crime Reduction Initiatives will cease on 31<sup>st</sup> March 2012, and therefore needs to be re-tendered.
- 1.8 The current cost of providing a Street Services and Reconnection team by a team of dedicated people is £238,694 per annum. It is important that the users of this service build up trust with the service providers and that there is continuity of service, so it is proposed to award a contract for 3 years with the option to extend for up to 2 further years, provided the service delivers its targets and the funding from CLG continues.

## **2. Tender Process**

- 2.1 The value of the contract necessitates a tender compliant with the EU Procurement Regulations be carried out. An OJEU notice was issued in October 2011 and a single stage tender process is being undertaken.

This will enable a new contract to be put in place and fully operational for 1<sup>st</sup> April 2012.

- 2.2 The new provider will work alongside the current provider for 3 months to ensure a full handover of the service is completed if required.
- 2.3 The tender advertisement resulted in eight organisations submitting tender proposals. Five bidders were invited to interview.
- 2.4 Detailed tender evaluations and interviews were conducted in December and January 2011. Tenders were evaluated on the basis of 65% quality criteria, and 35% on cost.
- 2.5 The short listed tenderers were interviewed and assessed further, this has resulted in the Finance team performing due diligence checks on the short listed suppliers.

### **3. Staffing Implications**

- 3.1 There are no new staffing implications for the Council as this contract is already managed by a manager in Housing Needs who acts as the contract manager.
- 3.2 It is possible that TUPE will apply to some or all of the employees of CRI who are currently engaged in providing this service. In the event that the new contract is awarded to an alternative supplier, this matter will need to be agreed between the current and new supplier. CRI and the tenderers are aware of this.

### **4. Benefits**

- 4.1 This team provides us with a dedicated Street Services Team that work with rough sleepers within the boundaries of the city. Evidence shows that if this is done quickly and successfully then it impacts less on secondary services and also avoids those attending statutory services.
- 4.2 This team will give us the opportunity to meet central government targets of reducing rough sleeping to zero by 2012. The team will also work closely with new government initiative called 'No Second Night Out'.

### **5. Other Options**

- 5.1 'Continue as we are' is not an option as the current providers contract is coming to an end.

## 6. Level of Risk

6.1 Potential risks identified, however, are:

<b>Risk</b>	<b>Likelihood</b>	<b>Mitigation</b>
Unable to agree mutually acceptable contract terms with the preferred supplier.	M	It is hoped that this risk can be mitigated through the tender process and through reference checks with other local authorities. The recommendations in this report also seek to ensure that the Council is in a position to award a contract.
Oxford City Council needs to cancel the contract for any reason.	L	The contract allows for sufficient flexibility to help overcome this. There will also be appropriate break clauses in the contract for non-performance, as well as the option for the Council to exit the contract at the end of the initial contract term.

## 7. Climate Change/Environmental Impact

7.1 We would seek to appoint a provider who shares the Council's commitment to environmental sustainability.

## 8. Equalities Impact

8.1 We will seek to appoint a provider who will commit to paying the Council's Living Wage and will comply with equality and diversity obligations.

## 9. Financial Implications

9.1 The contract is dependant on the continuation of funding from DCLG. Oxford City Council has received a grant from Preventing Homelessness Grant since 1<sup>st</sup> April 2002 and current government thinking indicates that there is an on-going commitment to the reduction of rough sleeping and therefore to the continuation of this grant. The provision of the Street Services and Reconnection Team is the major priority for funding from this grant.

9.2 In order for the Council to ensure that it has sufficient funding from DCLG for each year of the contract, the contract will include a break clause to cover either the termination or variation of the contract on 1<sup>st</sup> April each year. Bidders have already been made aware of this and will be responsible for any redundancy costs if the service could not be funded in any year.

- 9.3 The current provider has secured office space in the city centre. New bidders have advised that they will all secure office space within the centre of Oxford if successful.
- 9.4 The finance team have checked the financial sustainability of the two short listed tenders via their financial statements. Both organisations appear to be finding funding aspects challenging but based on the historical financial information provided both companies have been approved to continue with the evaluation process.

## **10. Legal Implications**

- 10.1 A legally compliant procurement process is being followed, as outlined earlier in this report. The TUPE obligations on any successful tenderer have also been outlined in the tender documentation. A legally binding contract will be entered into with the successful tenderer with break clauses to terminate the contract early without penalties if required.

## **11. Conclusion**

- 11.1 This service has had a major impact on reducing the number of rough sleepers in the city by providing Outreach support. As the current providers contract is coming to an end this tender process has proved that the methods of delivering successful outreach have changed since the contract was last put in place therefore the council wishes to appoint a new provider who would be able to achieve the targets set by local and central government on rough sleeping. The funding for this contract is provided by DCLG and therefore the Council wishes to continue with this proactive service by entering into a new contract for the provision of a Street Services and Reconnection service provided through a dedicated team

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### **Background papers:**

None

### **Version Number:**

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