

Meeting:	Audit and Governance Committee
Meeting date:	29/02/2024
Report of:	Tracey Carter - Director Housing Economy & Regeneration
Portfolio of:	Michael Pavlovic - Executive Member Housing Strategic Planning

Early Intervention and Prevention of Roughsleeping - contract review

Subject of Report

1. The November meeting of the Health, Housing & Adult Social Care Scrutiny Committee (HHASCSC) received an Update Report on Homelessness / Resettlement Services 2023 including winter provision, commissioning issues and strategy update. The Chair of the HHASCSC subsequently requested that a review of the handling of the contract for Early Intervention and Prevention (EIP) be brought to Audit and Governance Committee. This report reviews the scope, establishment operation and end of the contract for Early Intervention and Prevention.

Background

2. In 2018 the council tendered for services to identify and prevent rough sleeping. These services had previously been externally procured. An item was added to the Executive forward plan in 2017 to decide whether to externally reprocore or deliver services in house. This was subsequently withdrawn from the forward plan without challenge when the Corporate Director of Health, Housing and Adult Social Care made the decision to reprocore externally. An officer decision to award the contract to the Salvation Army was made on 10th April 2018 again by the then Corporate Director of Health, Housing and Adult Social Care.
3. The contract details are set out below

Contract Title:	Early Intervention and Prevention Service single homeless
Contract Reference Number (If applicable):	DN317319
Contract Start Date:	01-08-2018
Contract End Date:	31-03-2023
Contract Duration:	4 years 7 months
Scope Extensions	2018 financial Waiver agreed to increase scope of works to add 3 staff to contract using Rough Sleeping Initiative grant 2019 and 2020 additional RSI services extended for a further year again using RSI grant
Time Extension	Duration of contract extended by 6 months on a waiver from 31 st March 23 to 30 th September 2023 to allow for completion of review of resettlement pathway
Total Contract Value: (this means the value of the contract for the entire duration plus any extensions)	Initial contract £93,277 p.a. over 5-year period £466,385 (2018-23) 2018 increased scope for 1 year by £ 50,250pa 2019 increased scope by one year £ 56,000 pa 2020 increased scope by one year £56,000 all using RSI grant Extension via waiver 1 st April 23-30 th sept 23. <u>£46,638.50</u> Total contract value: £ 675,273
Supplier Name:	Salvation Army

4. These services were initially funded from General Fund council budgets.
5. In April 2017 the Homelessness Reduction Act was passed which set out new duties on English local authorities with the aim of preventing homelessness and extending the duties the authority had. This was accompanied by a commitment from Government to fund the new duties under the New Burdens Doctrine. This led to the announcement of £61 million nationally in additional funding to meet new duties in the Act.

6. It was acknowledged at that time that councils needed time to prepare for the new duties including recruiting and training new staff, implementing new procedures and IT systems and reviewing existing service delivery. The decision to retender the EIP contract was therefore made at a time when service provision was evolving fast and different approaches to prevention were being designed.

Contract Scope

7. The 2018 EIP contract was a response to high levels of rough sleeping in the City. At that point the official rough sleeper count reached 29. It provided for a minimum of one street walk per week and drop-in sessions for rough sleepers. The contract intention was to find and engage with rough sleepers, encouraging them in to services, in the main these were hostels run by the Council and Changing Lives, where they would receive support and take part in resettlement work. The contract did not provide accommodation but was intended to encourage the increasing number of rough sleepers in to the existing accommodation.
8. In parallel with this, the council was evolving its' broader resettlement work to respond more comprehensively to the Homelessness Reduction Act duties. The council was an early pilot for new ways of responding to homelessness and evolved the Navigator service using new funding from the government Rough Sleeper Initiative (RSI) grant. The Navigator model created a dedicated CYC team to undertake more intensive personalised interventions with rough sleepers and those at risk of homelessness, and interfaced directly into our services for Housing First, mental health support and substance misuse. The model was agreed and funded by RSI grant through Department for Levelling Up, Housing & Communities (DLUHC).
9. RSI grant was used in both 2018, 2019 and 2020 to increase the service delivery of the EIP contract operated by the Salvation Army (2018 waiver for £50,250pa and 2019 and 2020 waivers for £56,000 each year) but as the new services bedded in and evolved, it was the Navigator model that delivered long term resettlement results and was successful in attracting further government funding.

10. In 2022 a joint bid between CYC and the Salvation Army to continue RSI funded additions to the EIP contract was turned down by(DLUHC) as the preferred approach was that of the Navigators rather than the light touch engagement model. At the same time additional RSI grant was provided to CYC to expand the Navigator service. In response to the cut in grant, the EIP activities were scaled back down to the original scope for the remainder of the contract.
11. In 2021/2 the joint commissioning team in Adult Social care led a review of the whole pathway for the resettlement of homeless people. This included both the rough sleeper early intervention and the provision of residential placements and wrap around support. The review was interrupted by the departure of the review leader (and other competing service priorities on both Housing and Adult Social Care.) In August 2022 it was decided by the Director of Adult Social Care that all existing resettlement contracts would be extended to allow the review to conclude. In February 2023 the then Exec Member for Housing and Community Safety requested that officers seek a waiver to extend the EIP contract by 6 months to September 2023 in line with the resettlement contracts. To date the resettlement contracts commissioned by Adult Social Care have been further extended to July 2024 while the review continues. There was provision within these contracts to extend but, again, this flexibility is now exhausted and there can be no further extensions on those contracts. A report is due at Executive in May 2024 to consider this.

Contract End

12. As the end date for the extended EIP contract with the Salvation Army approached, officers advised the Executive Member for Housing and Strategic Planning of the forthcoming natural end of the contract and provided legal and procurement advice to outline the fact that any further extension to the contract would be in contravention of financial regulations and would be in breach of the Public Contract Regulations 2015 (procurement law).
13. The original end date of the Contract was 30th March 2023 but the then Executive Member for Housing Cllr Craghill was unwilling to let the contract end whilst other resettlement contracts were

extended. A 6-month waiver was sought and the contract was extended to September 2023.

14. As the extended contract end date approached, the new Executive Member for Housing and Strategic Planning Cllr Pavlovic was informed of the situation and given legal and procurement advice that the contract could not be extended any further and that ideally the council needed to give the Salvation Army clear notice of the end of the contract to allow them to make plans regarding staff contracts. Officers also provided advice that the services commissioned under this contract were no longer needed due to the evolution of the alternative Navigator model operated by CYC staff.
15. The limited time frame of the contract had been clear since its inception and senior Salvation Army staff were advised that there was no further room for extension, in a series of regular contract management meetings. However, clear management of expectations became very difficult as the Executive Member was unhappy for the contract to end. He subsequently identified a prejudicial interest and recused himself from decision making. The matter was passed to the Leader of the Council and the Executive Member for Finance and Performance and in mid-September it was formally confirmed to the Salvation Army that no further contract extension was forthcoming and that the contract would come to its natural end. To reflect the late confirmation of this, a one-month extension was offered, to allow for any necessary consultation with staff. The communication of the potential extension was subject to technical difficulties in that the Salvation Army did not receive the email containing document and associated information due to a major IT outage. The Head of Housing liaised with SA staff and a copy was provided in the same week. The Salvation Army declined the month's extension as they felt they did not have time to process the legal paperwork in the time available. That withstanding the dispute clauses continued after the end of the contract so any TUPE liabilities would still remain. Following discussion with SA they confirmed that they did not wish to consider TUPE and they decided to retain staff and continue their work as part of their charitable mission.
16. The Director of Place then established a regular series of strategic relationship management meetings with the Salvation Army

Assistant Territorial Director of Services for Homelessness in the north to establish productive and complimentary future relationships with the important mission of the Salvation Army as a non-contracted charity.

17. The Salvation Army have continued to undertake their street walks in the city and so far, no additional referrals into service have been made as a result of this work as the Navigator service were already in ongoing contact with all identified rough sleepers to bring them into the resettlement programme. The strategy for the Salvation Army going forward is to move away from street walks and conversations are ongoing as to how the Salvation Army can add greater value to a revised resettlement pathway as a new homelessness strategy is developed. The Head of Housing Management met locally with Salvation Army on 12th February 2024 to discuss how those local arrangement could be developed.

Finance and Procurement

18. As noted above, no further extensions could have been given or offered to the Salvation Army as there were no provisions within the existing contract, or waiver to do so. The value of the contract collectively (which includes historic waivers and most recent waiver) had taken the council above the threshold within the Public Contract Regulations 2015 (Procurement Law) meaning a breach by the council had been made. Therefore, to comply with the legislation and to minimise risk of challenge, had the contract/services provided by Salvation Army still been required, a competitive exercise must have been followed to achieve value for money and evidence the best quality service for the customers. The council must conduct all procurement and purchasing activities in an open, transparent and fair process to evidence the basic principles of procurement.

Resettlement review

19. The review was led by the Director of Adult Social Care and undertaken in the commissioning team in Adult Social Care. The Head of Housing Management worked with the team to review the resettlement pathway, consider what was working and what was not and incorporate the voice of those with lived experience into

the design of future service delivery and subsequent commissioning specifications.

20. The consultation and engagement phase of the review concluded the following,
 - a) the existing pathway needed to be remodelled to reflect the duties of the Homelessness Reduction Act and to deliver improved outcomes
 - b) The voice of the service user needed to be incorporated into future service design
21. However this was not turned into a revised strategy or a commissioning approach and specification due to the departure of the review project manager and then the Director of Adult Social Care.
22. Work has now recommenced to agree a homelessness and rough sleeping strategy and a resettlement pathway incorporating the input from all associated Directorates (Adult Services, Children's Services, Place and Public Health). This work is being led by the Corporate Director of Place.
23. A report setting out the recommendations from this multidisciplinary group will be brought to March Executive

Contracting with Charities

24. When a public body enters into commercial contracts with voluntary or charitable organisations it is important to draw clear distinctions between the services that are being procured and other services provided by that organisation as part of their charitable mission. The Salvation Army have for many years operated their charitable outreach mission in the city and have stated their intention to continue with this work even though the EIP contract has reached its end.
25. The relationship with the contracting body needs to be a professional one which is operated under the terms of the contract and is subject to the governance and provisions of the contract and be operated in line with Public Contract Regulations 2015) procurement law and the council's financial regulations and constitution.

26. The council's financial regulations and constitution set out a clear division between the roles of members and officers in defining and contracting for goods and services. Members are responsible for agreeing the scope of works and services but are generally advised against involvement in day-to-day operation of contracts, instead receiving updates on the progress and outcomes of contracted work and receiving legal and procurement advice to oversee the effective management of contracts. There is a particular peril in elected members becoming entangled in contractual arrangements or individual cases. This can become complicated and unclear where there is a legitimate relationship with the charitable arm of these organisations.
27. The November 2023 Housing and Community Safety Scrutiny meeting invited the Salvation Army staff that had a direct pecuniary interest in the Salvation Army and CYC contract to comment upon the contract management arrangements for that contract and the Director of Place had to on a number of occasions draw to the Scrutiny Committees attention the issues detailed above about the separation of contractual work and Charitable work and that Scrutiny was not an appropriate place to undertake public speculation about expired contracts with former contractors operational staff.
28. Both the Salvation Army senior officer and CYC acknowledged that the end of the contract was not managed well (see paras) however the strategic relationship was strong and future collaboration was both parties' current intention. The conduct of this scrutiny session was at the very least highly irregular and if Councillors wish to consider how charitable contracts are managed, procured or terminated the Audit and Governance have the ability to instigate a professional audit / review of any contractual arrangement with which they have concerns. It is also worth noting that the Salvation army have confirmed that there have also been a series of press statements made by relatively junior staff from the Salvation Army that did not have the agreement of senior managers and they have confirmed that they will address this issue.

Contract Management

29. During the duration of the contract, regular liaison and contract management meetings took place, initially between the Head of

Housing Options and the service lead in the city. These meetings were escalated to the council's Head of Housing Management and the Regional Manager with the Assistant Director of the Salvation Army involved in these occasionally. The performance of the contract had become. Ways of managing the ongoing relationship were agreed and the impact on the service at an operational level was largely contained.

Financial Implications

30. The review of the resettlement pathway identified that the service delivered under this contract were no longer effective in reducing the cycle of rough sleeping and had been superseded by the new Navigator model. The Service offered up the full contract value (£98k pa) as a saving for 2024/5 and this was agreed by Executive as part of the 24/5 budget.

Contact details

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