

**REPORT TO:** Executive Board

**DATE:** 12 March 2015

**REPORTING OFFICER:** Strategic Director, Communities

**PORTFOLIO:** Physical Environment

**SUBJECT:** Halton YMCA – Direct Award of Contract for Housing Support

**WARD(S):** Grange

## **1.0 PURPOSE OF REPORT**

1.1 The purpose of this report is to seek approval for the granting of a Direct Award of a contract for the delivery of housing support services at Halton YMCA from 1<sup>st</sup> April 2015 to March 2016 to Halton YMCA, to enable remodelling of the current service.

## **2.0 RECOMMENDATION: That the Board**

- 1) To ensure the stability and continuity of the service, support the recommendation to grant a Direct Award to Halton YMCA for the delivery of Housing Support services from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016;**
- 2) notes the proposed changes to the service specification; and**
- 3) notes the financial efficiencies to be secured through this course of action.**

## **3.0 SUPPORTING INFORMATION**

3.1 The Council awarded Halton YMCA a contract from the 1<sup>st</sup> April 2012 for the provision of a housing support service to 66 residents at Halton Lodge YMCA. This followed a procurement exercise where the YMCA was the only bidder. Funded through the Council's Supporting People budget the contract value is £408,636 per annum.

3.2 The contract is now in its final year and ordinarily officers would have retendered the service. However a set of circumstances has arisen in which the Council's interest may be best served by not retendering the service at this particular point in time.

3.3 By way of background Board members will recall that a Scrutiny

Review of homelessness services was undertaken in 2012 with a report presented to Board in July 2012. During the course of the Review it was noted that a number of service users at the YMCA appeared not to need or use the level of support on offer, and some seemed reluctant to move on due to the quality of the accommodation.

- 3.4 This was resolved by varying the support contract to require the YMCA to only accept clients referred via the Housing Solutions Team and to require where possible 'move on' to independent living within six months of admission. However, the consequent increased throughput of clients, coupled with the increasing success of the Housing Solutions Team with other homeless prevention measures, has resulted in high vacancy levels in the YMCA.
- 3.5 Vacancy levels have averaged around 50% during the last six months, and the associated loss of rental income has led to the service becoming economically unviable.
- 3.6 This is not a situation that could be allowed to continue and over the last few months negotiations have been ongoing with the YMCA to devise a new service model that could provide a lasting solution.
- 3.7 At the same time Halton YMCA has been developing a partnership arrangement with Fylde YMCA which is in a much stronger position organisationally and financially, with the longer term aim of Fylde YMCA registering as a Housing Association and acquiring the Halton YMCA building from the National YMCA.
- 3.8 Fylde Coast YMCA is a sizeable organisation with a national reputation comprising YMCAs in areas such as St. Annes, Lancaster, Kirkham, Carlisle, Thornton, Poulton, Lytham, Fleetwood and Preston. It employs 559 staff with an annual turnover of £8.4m, and has a prestigious outdoor facility known as Lakeside in the Lake District. It also manages leisure services on behalf of Fylde Borough Council.
- 3.9 Provisional agreement has now been reached for a new service model that would see around half the accommodation used to house clients with higher level support needs, and half the accommodation used as intermediate move on accommodation for those who have undergone the support programme but who still need some support before moving on to live independently, or new clients with lesser support needs. Stays in both types of accommodation would be up to 6 months, only longer where justified and agreed by the Council
- 3.10 Key fob access and a new second entrance to the building will ensure access to the two types of accommodation is segregated and controlled. Access to the accommodation offering higher support will be restricted to Council nominations.

- 3.11 It has also been agreed that a new performance element should be introduced into the contract to reflect occupancy levels. 90% of the contract sum would be paid as now, as a monthly block payment to ensure regular income for the YMCA to manage and staff the scheme. The remaining 10%, or a proportion of it depending on occupancy levels, would be paid quarterly in arrears.

The revised annual cost would be as follows –

Total Annual Fee	£275,000
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of which

Block Payment (90%)	£247,500
Performance Payment (10%)	£ 27,500

- 3.12 This represents a saving to the Council of £133,636 in 2015/16, rising by up to a further £27,500 if YMCA does not maintain high occupancy levels. It is therefore proposed for the following reasons that the Council makes a Direct Award of a further one year contract to the YMCA, running from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016.

- Based on the previous procurement exercise there is every chance that a new procurement exercise will again generate insufficient or no competition, particularly given the current high vacancy levels and lack of financial viability.
- Benchmarked service costs suggest tendering is unlikely to result in lower costs than those offered by the YMCA. Higher tendered costs are all the more likely given the high vacancy levels for which tenderers would build in significant contingencies.
- There is the opportunity for the Council to achieve savings sooner rather than later by extending the current contract but on significantly reduced costs.
- It would be prudent to test the effectiveness of the new service model with the existing provider to ensure its effectiveness before market testing the service.

- 3.13 The Direct Award will be effected using a '*Voluntary Ex-Ante Transparency Notice*' (VEAT) which will permit this direct award without going out to procurement. The Authority will give sufficient information as to the justification for this Direct Award without advertising in the Official Journal of the European Union (*OJEU*) and observe a minimum 10 day standstill period before the contract is awarded.

## **4.0 POLICY IMPLICATIONS**

4.1 This method of procurement complies with the Authority's Procurement Policy and EU requirements.

## **5.0 FINANCIAL IMPLICATIONS**

5.1 The award of the one year contract at the reduced rate offered by the YMCA would produce a minimum saving of £133,636 against the current budget.

## **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### **6.1 Children and Young People in Halton**

Homeless young people are the main client group for this service, and the continued provision of the service by a reliable and trusted provider will provide a vital safety net for those unfortunate enough to find themselves homeless.

### **6.2 Employment, Learning and Skills in Halton**

The service provides practical support to help individuals to prepare for living independently, and support them to engage with education, training and employment services to improve their future prospects.

### **6.3 A Healthy Halton**

Experiencing homelessness has an adverse effect on an individual's health. One element of the service is to encourage individuals to adopt a healthy lifestyle and diet.

### **6.4 A Safer Halton**

None identified.

### **6.5 Halton's Urban Renewal**

None identified.

## **7.0 RISK ANALYSIS**

7.1 Awarding a contract without competition makes it difficult to demonstrate value for money and transparency. However for the reasons outlined in section 3.12 it is believed that the Direct Award of the contract will in this case offer the optimum solution.

**8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 None identified.

**9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF  
THE LOCAL GOVERNMENT ACT 1972**

None.