

REPORT TO: Executive Board Sub-Committee

DATE: 11th September 2008

REPORTING OFFICER: Strategic Director Health and Community

SUBJECT: Retrospective approval for the award of contract for the provision of services at Grangeway Court.

1.0 PURPOSE OF REPORT

1.1 To inform members of the outcome of the open tender process carried out to secure the provision of services for homeless families at Grangeway Court and to request retrospective approval be given to award the contract for the provision of services for homeless families at Grangeway Court.

2.0 RECOMMENDED THAT:

- (i) Subsequent to consultation, retrospective approval is given for the award of the contract for the provision of services for homeless families at Grangeway Court to the contractor Arena Options Ltd, in the sum of £1,061,559 for a 5 year contract; and that in light of the exceptional circumstances detailed below, for the purpose of standing order 1.6, procurement orders 3.1 – 3.7 and 3.10 be waived on this occasion, as compliance with the tendering requirements of standing orders is not practicable for reasons of urgency, in that, delaying the award of contract would not leave sufficient time for the new provider to be operational before the existing provider ends the service on 1st October 2008 and the potential closure of this service would place vulnerable homeless families at risk of loss of service and would result in the Council having to forgo a clear financial benefit and bearing in mind that if Grangeway Court closed, the Council, in order to fulfil its statutory duty, would have to place families in more costly bed and breakfast accommodation.**
- ii) In conjunction with the Portfolio Holder, Community the Operational Director Health and Partnerships be authorised to take such retrospective and future action as is necessary to implement the recommendation set out above.**

3.0 SUPPORTING INFORMATION

3.1 From 1st October 2008 Halton Housing Trust (HHT) will no longer deliver homeless services in Halton, this includes the provision of services at Grangeway Court hostel for homeless families.

3.2 As the Council has a Statutory duty under the Housing Act 1996 Part

VII (as amended by the Homelessness Act 2002) to provide temporary accommodation to homeless families, Executive Board gave approval in April 2008, to obtain a new service provider through an open tender process by September 2008.

- 3.3 Expressions of interest were invited through adverts in the following publications:
- The Guardian newspaper
 - Inside Housing magazine
 - Halton Borough Council website
 - Supporting People Knowledge website
 - Supply2 Gov website
- 3.4 25 provider organisations expressed an interest and were sent a pre-qualification questionnaire and an Invitation to Tender document for completion by the 28th July 2008. 6 tenders were submitted, out of which one was eliminated at stage 2.
- 3.5 Accepted tender prices ranged from the lowest at £940,942 up to the highest at £1,312,852. The tenders were evaluated on price and quality and the outcome of the evaluation is attached as appendix 1. The evaluation shows that whilst Arena options Ltd did not submit the lowest tender, their hourly rate for support to clients was lower than that submitted by the lowest tenderer. As the evaluation of cost was based on the tender price and the hourly rate, two organisations were scored equally on cost. However, 60% of the evaluation was based on quality and Arena Options Ltd scored higher on quality and therefore represents the most economically advantageous tender.
- 3.6 This report seeks retrospective approval for the waiver of standing order 1.6, procurement orders 3.1 – 3.7 and 3.10, as compliance with standing orders is not practicable for reasons of urgency in that delaying award of the contract would not leave sufficient time for the new provider to be operational before the existing provider ends the service on 1st October 2008. Homeless families placed at Grangeway Court are amongst the most vulnerable members of our community and failure to act in a timely manner would increase the risk of a temporary loss of service to this vulnerable group. In this event, as the Council has a duty to accommodate (as referenced in 3.2 of this report) the Council would be liable for increased costs to secure alternative bed and breakfast accommodation.
- 3.7 The final stage of the open tender process was completed on 5th August 2008 and following consultation, this report seeks retrospective approval for the Operational Director, Health and Partnerships in conjunction with the Portfolio Holder, Community to award the contract to Arena Options Ltd.
- 3.8 Timely award of the contract has maximised the time available to the

new provider to commence preparations for the transfer of operations such as the TUPE transfer of existing staff, the recruitment to vacant posts and the establishment of operational policies and procedures, all of which are essential to ensure that a quality service in operation that enables the Council to fulfil its statutory duty by 1st October 2008.

4.0 Business case for the Homeless Service at Grangeway Court

4.1 Value for money

Value for money of the tender was evaluated on cost and quality.

Appendix 1 to this report shows that whilst Arena Options Ltd did not submit the lowest tender price, their hourly rate for support to clients was lower than that submitted by the lowest tenderer. In addition Arena Options Ltd tender will provide more hours of direct support for vulnerable people.

However, Arena Options Ltd scored significantly higher on quality that included an evaluation of a track record delivering this type of service, competency in operational planning and delivering positive outcomes for service users. Judgements were made based on a combination of written submissions and verbal presentations.

When compared to the existing contract value for services at Grangeway Court, the tendered price submitted by Arena Options Ltd is competitive. However, the new service offers added value through the provision of an additional 39hrs per week direct support to service users. The additional hours proposed by Arena Options Ltd means that a support worker will now be on site at Grangeway Court on a 24-hour basis, 7days per week.

4.2 Transparency

In order to ensure transparency it is proposed the services will continue to submit performance reports to the Supporting People Team, the Statutory Homelessness Team and to Communities and Local Government.

This service will be closely monitored by the Supporting People Team against set standards within the specification for this service.

In addition, within the new Supporting People contract there are clauses that reference Freedom of Information Act, Data Protection, Equality & Diversity and Confidentiality, which ensure that Providers are obligated to work within the correct procedures.

4.3 Propriety

The process for the award of this contract, subject to the approval of

this Committee, complies with Halton Borough Council's standing orders in relation to procurement. The contract is liable to termination if any instances of corruption by this organisation or its staff members occur ensuring compliance with anti corruption practices.

Additionally if the service fails to meet the performance standards and targets set to the satisfaction of the Council, then the Council will have the option to terminate the contract, giving 3 months notice.

4.4 **Accountability**

The Operational Director, Health & Partnerships awarding the Contract has overall responsibility for this contract.

All Supporting People services in Halton are currently subject to scrutiny by the Urban Renewal Policy and Performance Board.

In common with other contracts this process will be open to both internal and external audit.

4.5 **Position of the contract under the Public Contracts Regulations 2006**

This is a part B exempt service under the Public Contracts Regulations 2006, and it means that there is no need to advertise in the OJEU although when the contract is awarded we have to give notice to OJEU of the award of contract within a specific period of time (48 days).

Expressions of interest for this contract were invited through public advertisements as identified in section 3.3 of this report.

5.0 **POLICY ISSUES**

5.1 Failure to make an award of contract to Arena Options Ltd could cause significant disruption to the statutory homeless service within Halton.

Continuity of this service is essential, and the timely award of this contract will ensure that Grangeway Court is fully operational on the specified date of October 1st 2008.

6.0 **FINANCIAL IMPLICATIONS**

Provider	Proposed costs over 5 yr period	Proposed hourly rate
Arena Options Ltd	£1,061,559	£16.82

The cost of the new contract value can be met within existing budgets.

7.0 RISK ANALYSIS

- 7.1 Financial risk is minimised by awarding the contract within confirmed budgets.
- 7.2 Halton Borough Council's Internal Audit Section have carried out a financial assessment on Arena Housing Group Ltd, the group includes Arena Options Ltd and have confirmed that they are a financially viable organisation.
- 7.3 By undertaking a comprehensive evaluation of the tenders, risks to the Council have been minimised by recommending the tender be awarded to a high quality provider with a proven track record in this area of work.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 The service Provider has substantial Equality & Diversity Policies & Procedures in place to ensure that all service users accessing this service will be treated equally.

The Supporting People Contract has a number of clauses that require the Service Provider to incorporate Equality & Diversity within all aspects of training, employment & policy.

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

- 9.1 None.

APPENDIX 1

STAGE 1ST & 2ND STAGE OF THE TENDER PROCESS

Organisati on	Price 40% marks	Implementation plan 30% marks	Outcomes 10% marks	Questions 20% marks	Total Score %	Rank
Adullam	Disqualified					
Arena	32% marks	26%	8%	16%	82%	1st
Calico	12% marks	14%	5%	8.3%	39.3%	5th
CIC	24% marks	17.5%	5%	8.3%	54.80%	4th
Nacro	20% marks	15.3%	5%	16%	56.5%	3rd
People First	32% marks	24.5%	10%	13.8%	79.3%	2nd

THIRD & FINAL STAGE OF THE TENDER PROCESS

Organisati on	Presentation 40% marks	Questions 30% marks	Scenarios 30% marks	Total Score %	Rank
Arena	31	21	22	74	1st
People First	15	14	16	45	2nd