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Executive summary

Supporting People and small homelessness organisations

by Alan Cripps

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Summary

How this report came about

This report was commissioned by The London Housing Foundation to look at the impact changes in the commissioning of Supporting People services have had on small homelessness providers within London. The original remit was to consider:

- The extent and nature of changes which have already taken place
- The impact these have had on small providers and on service users.

The fieldwork was carried out by Alan Cripps of neadonconsulting ltd between September and November 2007. It consisted of interviews with Supporting People lead officers, key stakeholders and some provider representatives. In addition, it included an analysis of the homelessness projects in London registered in the Directory of Supporting People Services published by the Department of Communities and Local Government, and of advertisements in the trade press announcing tenders for SP services.

Over the course of the project it became clear that few services had so far been put out to tender (these were mainly limited to newly commissioned services and floating support) and that the process did not appear to have had a significant impact on small providers as they were generally not involved in this area of provision. However, there was a good deal of concern among those interviewed that developments in the pipeline could have serious consequences for the core business of smaller providers. The focus of the project was therefore extended, with the interview process used to get a sense of how expert opinion sees the future developing, and the possible consequences for small homelessness agencies.

The picture to date

Small homelessness agencies and Supporting People

We found that there are nearly 80 small homelessness providers in London with SP contracts: a figure based on projects on the DCLG database shown as providing short-term services for homeless people. 58 agencies provide supported housing (1770 beds), and 23 provide floating support services (745 service users); only five organisations appear in both categories.

The number of providers is almost certain to be larger than this as some smaller agencies dealing with homeless people may appear solely in the mental health, offending and alcohol/drug categories.

Commissioning activity so far

Relatively few Supporting People contracts have so far been put out to tender – principally because SP teams have been focusing on moving the services they inherited onto steady state contracts. Of the tender exercises which have taken place, the bulk have focused on floating support services, with a strong tendency to amalgamate a number of small services to develop single, borough-wide generic services. A small number of new services have also been commissioned.

Impact of commissioning on small providers

This has so far been small. Smaller providers were not heavily involved in delivering floating support services in boroughs where reconfiguration has taken place; where they have lost business it has been marginal rather than core.

What the future holds

A number of interviewees were concerned that changes which have not yet materialised, but which are in the pipeline, could have a much more significant – and adverse – effect on small providers. Allowing for the difficulty of forecasting across 32 boroughs with widely differing circumstances, the main expectations were:

Pressure on commissioners to put an increasing number of services out to tender as steady state contracts come up for review

Reprovisioning of accommodation-based services; as the process of tidying up floating support is completed, the focus will inevitably shift towards the main part of the SP budget

Consolidation of ‘bundles’ of existing services into larger single contracts

A move towards framework agreements: these are arrangements in which lists of preferred providers are compiled through a tender process – all future contracts (whether for new services or existing ones where a contract is expiring) are let to one of the preferred providers through a ‘mini-tendering’ process

Erosion of non-specialist ‘second stage’ accommodation: as contracts come up for renewal, it is likely that at least some – mainly for low-support schemes where staff are not based on site – will simply be transferred into the borough-wide generic floating support scheme; some interviewees felt that, over time, this could effectively lead to such properties no longer being part of the supported housing pool

The transfer of SP funds into Local Area Agreements in 2009 and removal of the ring fence around the SP budget.

What Supporting People teams are doing to sustain a diverse provider base

Joint bidding and consortia

A number of SP teams have attempted to encourage small providers to form consortia by running workshops at Small Provider forums and making it known that consortium bids will be welcomed. However, so far there is little evidence of successful consortium bidding; this may be because of the inherent difficulty of the process, compounded by the pressure of deadlines for bidding, and the fact that consortia have some disadvantages when compared with single bidders – as one interviewee put it: ‘you can’t demonstrate a history of working together, and can’t prove it isn’t going to be a communication nightmare’.

Subcontracting

A number of interviewees saw this as a more realistic strategy for smaller providers and have found ways of making it clear to larger organisations that bids which include smaller partners will be looked on favourably. One had organised a series of ‘Meet the Partners’ events to enable relationships to form outside a bidding timetable. SP leads were aware of some well-publicised examples (outside London) where smaller partners had been ‘dumped’ by main contractors after contracts had been awarded, and were considering safeguards which could be built into contract management arrangements to avoid this

Scoring systems and weighting

There was evidence that SP leads were looking at ways in which some of the value smaller partners can bring to SP services can be measured and scored in tender assessment processes. Three areas in particular came up: strategic relevance; partnerships and networking; and added value.

Sharing of good practice

Mechanisms for sharing ideas and examples of how to promote diversity seem to be hit and miss, and to rely mainly on informal contacts between SP leads at sub-regional level; there is no evidence of coordination at London-wide level. DCLG have funded a couple of capacity-building initiatives and are pulling together a series of good practice resource packs – these are due to be available by the middle of 2008.

Implications for small homelessness agencies

Again, this section consists of a summary of the best guesses of expert witnesses. However, there was a degree of consensus among the people we talked to about the likely direction things might take.

Changes in commissioning have not so far had a major impact on the sector, but this is expected to change as procurement techniques and reprocurement begin to focus on areas of core business for small agencies – in particular, the provision of supported housing. It will still be possible for SP teams to let contracts by negotiation, but increasingly this will only be in exceptional circumstances; small providers who wish to persuade commissioners to follow this route will need to be well-versed in the procurement process and very persuasive.

Some contracts (especially those for low support 'second stage' accommodation) are likely to be transferred to the provider of the borough-wide generic floating support service; others are likely to be bundled up with similar services to provide one large contract. In the latter case, small providers will have an opportunity to tender; in the former, they will not – they will simply lose the business.

Where contracts are put out to tender, small providers will be at a competitive disadvantage in several ways:

The tendering process favours organisations with expert bidding capacity – both in terms of ability to put together well-presented, well-constructed tenders, and because it is likely that organisations will have to put in several unsuccessful tenders for each successful bid

They may be perceived as not having the capacity to deliver large scale services

They may be debarred because the value of the tender is too high (many boroughs adopt a rule that contracts cannot be awarded to an organisation where they amount to more than 20% of its total turnover).

Subcontracting offers one possible way of staying in the market, but some organisations – particularly those with specialist skills or links into minority communities – are likely to be more attractive partners than others. Even if a small provider finds a partner, their joint bid may not be successful – so choice of a partner becomes a high stakes gamble.

Consortia are another option, but they require large investments of time and money and, again, carry no guarantee that this investment will be rewarded.

The transfer of SP budgets into Local Area Agreements in 2009 could provide a competitive advantage for organisations with strong local roots and networks. Although, in order for this to be the case, commissioners will need to adopt scoring regimes which ensure that value rather than cost is measured and rewarded.

Small providers appear to be faced with a choice between two generic strategies:

- Specialisation – developing a specialist competence to make them more attractive as partners in consortia and subcontracting relationships) or
- Localisation – embedding the organisation in its local network, focusing on delivery of LAA objectives and developing a broader, more versatile presence than just homelessness services.

Small homelessness agencies, therefore, will need to adapt and develop new skills in order to survive, and will need support in this. Organisations which decide or are forced to leave the market (whether by withdrawal or merger) will also need support to develop managed exit strategies.

About this publication

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www.homelessoutcomes.org.uk

Feedback

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