

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	11 JUNE 2018	AGENDA ITEM:	11
TITLE:	DYNAMIC PURCHASING SYSTEM FOR PROCUREMENT OF EMERGENCY ACCOMMODATION		
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report recommends the establishment of a Dynamic Purchasing System (DPS) to deliver and manage emergency accommodation for families and vulnerable people to whom the Council owes a housing duty. This will replace existing processes and formalise arrangements between the Council and Providers.
- 1.2 The aim of the DPS is to ensure a continuity of supply of good quality privately managed properties for homeless applicants, whilst guaranteeing that the Council is meeting its legal requirements in the procurement of its services and delivery of value for money.

2. RECOMMENDATIONS

- 2.1 That the Head of Housing and Neighbourhood Services, in consultation with the Lead Councillor for Housing, the Head of Finance and the Head of Legal and Democratic Services be given delegated authority to approve the establishment of a Dynamic Purchasing System (DPS) for the provision of emergency accommodation for an initial period of 4 years with an option to extend for a further 2 years one year at a time.
- 2.2 That the Head of Housing and Neighbourhood Services is authorised to enter into call-off contracts with the successful providers during the lifetime of the DPS for the provision of emergency accommodation.

3. POLICY CONTEXT

- 3.1 Part 7 of the Housing Act 1996 sets out a Local Authority's responsibilities in respect of homeless households who approach the Local Authority for assistance. The legislation specifies that all Local Authorities have a duty to provide interim accommodation to certain households whilst investigating their circumstances and

temporary accommodation to applicants who are homeless, eligible for assistance, in priority need and not intentionally homeless.

- 3.2 The Council currently uses a range of accommodation to meet both the interim and temporary accommodation needs for homeless households, including designated blocks of flats, purpose constructed modular units, permanent stock and paid nightly emergency (often Bed and Breakfast) accommodation.
- 3.3 Wherever possible the Council avoids the use of paid nightly accommodation provided by an external landlord, including Bed and Breakfast (B&B), however, due to significant demand it has been more widely used in Reading as emergency accommodation for homeless households in the last 4 years.
- 3.4 The Council has achieved a sustained reduction in the use of B&B since July 2016 and aims to move away from the use of this accommodation as far as possible, especially for families or where the accommodation has shared facilities. However, there is a recognition that there is likely to be an ongoing requirement for some nightly paid emergency accommodation for short term placements and to help manage fluctuations in demand.
- 3.5 Wherever the Housing department uses externally sourced accommodation it is subject to a programme of initial checks by the Environmental Health teams and the Housing Department to provide assurances for the safety and wellbeing of tenants, however, there are currently no formal contractual arrangements in place between the Council and providers to manage the procurement and monitoring of the accommodation.

4. THE PROPOSAL

(a) Current Position

- 4.1 Arrangements for procuring and managing emergency accommodation have emerged over time and whilst they are robust, they have not been subject to formal procurement processes. The Council considers that formalising the process of procurement of accommodation is important for the following reasons:

Standards of accommodation

- 4.2 A formal procurement arrangement will allow the Council to more easily approve a cohort of landlords who are competent to provide accommodation to meet minimum standards in regards to property condition, maintenance and management. The arrangement will ensure that providers are contractually required to provide initial and ongoing assessments against a range of standards, including health and safety, management criteria and supply of services, providing a framework for monitoring rectification of any areas of concern. This arrangement will also allow the Council to better shape the market to increase access to self-contained accommodation, supporting the drive to move away from placing households in emergency accommodation with shared facilities.

Supply of accommodation

- 4.3 Currently the Council sources accommodation on an ad-hoc basis as required. The proposed procurement process will allow the Council to establish a pool of providers who are able to provide accommodation as demand dictates, there will be no limit on the number of providers joining the framework and no obligation on the Council to use any unrequired accommodation. This will allow the Council to manage

fluctuations in demand providing flexibility in sourcing and reducing the use of accommodation as required.

- 4.4 In addition, a formal system will allow the Council to direct the market in terms of type and location of accommodation and provide greater clarity to providers regarding projected need.

Legal Requirement

- 4.5 This procurement process will replace and formalise current arrangements, ensuring that the Council is in compliance with the Council's Contract Procedure Rules, EU regulations for the procurement of services and the Public Contracts Regulations 2015.

Value for Money

- 4.6 Currently there is no formal framework for the pricing of individual placements; costs of placements are negotiated on an individual basis. The arrangement will provide a prescribed pricing schedule that will act as a guide for providers to encourage them to set their rates competitively and in line with other landlords. This will set expectations for providers in terms of charges and will ensure that the market remains more stable if there are times of increased demand.
- 4.7 Currently processes relating to the procurement, management and monitoring of B&B accommodation are time consuming. It is intended that this system will also improve operational processes and efficiency, saving officer time and making better use of Council resources.

(b) Options Proposed

- 4.8 For the reasons outlined above it is proposed that the Council seeks to procure accommodation via a Dynamic Purchasing System (DPS), allowing for the sourcing and management of emergency accommodation placements in line with all relevant regulations.
- 4.9 The DPS will ensure that all providers have met minimum standards in relation to accommodation and facilities provided, ensuring that there is consistency in the quality of accommodation secured for households placed in emergency accommodation. The DPS will provide a mechanism for any providers that fall short of the expected standards to be suspended whilst quality issues are addressed.
- 4.10 It is proposed that the DPS is established and run for the initial period of 4 years with an option to extend for a further 2 years one year at a time, allowing the Council to call-off from the DPS over this time based on a range of determined criteria.
- 4.11 It is proposed that the DPS is established by September 2018 to allow for the purchasing of placements through this method from that time. The DPS operates by running a fully compliant open tender procedure to accredit and enrol Providers on to the DPS to ensure that only Providers that meet the Council's standards can join.
- 4.12 New Providers can apply and be enrolled at any time during the DPS' period of operation providing they can meet the required standards. During this process, the Council will retain the ultimate decision as to which Providers to secure accommodation from for individual placements, based on individual homeless household's needs, taking into account price, suitability and location.

4.13 There will be a transition period of to 6 months providing time for existing placements to be moved onto providers within the new Scheme.

(c) Other Options Considered

4.11 The options to continue securing accommodation in the current way is not recommended. The Council needs to move to a formalised and transparent method of securing emergency accommodation placements to improve value, standards and to ensure that it is compliant with EU procurement regulations.

5 CONTRIBUTION TO STRATEGIC AIMS

5.1 The proposal will contribute to the Council's strategic aim:

- To promote equality, social inclusion and a safe and healthy environment for all

5.2 The proposal will contribute to the service priorities set out in the Council's Corporate Plan 2015 - 18:

- To protect and enhance the lives of vulnerable adults and children

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1 Views have been sought from current providers of emergency accommodation regarding a move to a formalised procurement process. Respondents were in favour of a move to a DPS and welcomed the consistency in terms of property standards and oversight that the new process would bring.

7. EQUALITY IMPACT ASSESSMENT

7.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2 Consideration has been given as to whether there are implications of this activity and it has been determined that there is no requirement to produce an impact assessment for this decision.

8. LEGAL IMPLICATIONS

Homelessness Legislation

8.1 Under Part 7 of the Housing Act 1996, as amended, local authorities have a statutory responsibility to secure accommodation for homeless households in priority need who are unintentionally homeless and to whom a homelessness duty has been accepted i.e. a 'main homelessness duty'. This main homelessness duty continues until a settled housing solution is found for the homeless household or until the duty otherwise ends.

8.2 Properties procured through the DPS will meet property standards as set out in the Homelessness Code of Guidance and the Housing Act 2004.

Procurement

8.3 A DPS will be established in accordance with Public Contracts Regulations 2015 and the Council's Contract Procedure Rules.

8.4 It will be necessary to enter into contract with all successful providers.

9. FINANCIAL IMPLICATIONS

Revenue Implications: Projected Lifetime Value of DPS

9.1 The anticipated Council spend for paid nightly accommodation over the next 4 years is shown in the table below. These values are indicative and may vary based on demand for services through the DPS.

	2018-19	2019-20	2019-20	2020-21
Gross Spend (£)	950,000	920,000	645,000	678,000
Cumulative (£)	950,000	1,870,000	2,515,000	3,193,000

Value for Money

9.2 Currently is no formal framework for the pricing of individual placements. Costs of placements are negotiated on an individual basis. The new arrangement will provide a pricing schedule that will act as a guide to providers setting expectations for providers to set their rates competitively and in line with other landlords, supporting the market to remain more stable at times of increased demand.

10. BACKGROUND PAPERS

11.1 *'Homelessness Strategy 2015-2020 and Reducing the Use of Bed And Breakfast Accommodation'* to HNL Committee in November 2015.

11.2 *'Homelessness Strategy 2016 - 2021'* to HNL Committee in July 2016.

11.3 *'Homelessness: Update on Demand Pressure and Actions to Mitigate'* to HNL Committee in November 2016.

11.4 *'Policy Change to Meet Housing Need'* to Policy Committee in November 2017.