

PROCUREMENT OF TEMPORARY ACCOMMODATION PLACEMENTS UTILISING A DYNAMIC PURCHASING SYSTEM

Cabinet Member(s)	Cllr Eddie Lavery
Cabinet Portfolio(s)	Environment, Housing & Regeneration
Officer Contact(s)	Mark Billings – Planning, Environment, Education and Community Services
Papers with report	N/A

HEADLINES

Summary	This report seeks Cabinet approval to establish a Dynamic Purchasing System (DPS) against which the Council will award contracts for the supply of Temporary Accommodation.
Putting our Residents First	This report supports the following Council objectives of: <i>Our People</i> ; The report also supports the objectives of the Hillingdon Homelessness Prevention and Rough Sleeping Review and Strategy 2019 to 2024.
Financial Cost	It is anticipated that throughout the duration of the DPS the cost will be £4.2 million annually. Officers recommend that the DPS contract length should be 5 years with a 2 year extension option. The maximum total cost would be £29.4 million.
Relevant Select Committee	Environment, Housing and Regeneration Select Committee
Relevant Ward(s)	All

RECOMMENDATIONS

That the Cabinet:

- 1. Approves the establishment of a Dynamic Purchasing System (DPS) and authorises officers to procure temporary accommodation placements via that system.**
- 2. In order to meet statutory housing need, authorises officers to directly award placements on a spot contract basis where suitable arrangements cannot be made from the DPS; or where crisis or emergency circumstances dictate that it is not possible to do so via the DPS.**

Reasons for recommendation

Hillingdon Council has statutory duties to prevent and relieve homelessness for all eligible homeless applications and to secure accommodation for homeless households who fall into a 'priority need' category under Part 7 of the Housing Act 1996 (as amended).

In line with Hillingdon's approved Homelessness Prevention and Rough Sleeper Strategy, in many cases the Council successfully avoids homelessness for residents by resolving their housing difficulties at an early stage or securing suitable, alternative accommodation, preventing the need for temporary accommodation. This has led to a significant reduction in the number of families living in temporary accommodation compared to many other London boroughs. In some cases, the use of temporary accommodation or emergency accommodation is unavoidable and therefore effective arrangements are required to access accommodation quickly which offers value for money for residents.

By utilising the DPS to source temporary accommodation placements, the Council will be implementing an open, transparent procurement process offering best value through mini competition.

Alternative options considered / risk management

The Council could decide to continue to source and manage temporary accommodation placements through the existing methods. Currently the Council has several approved suppliers who provide daily availability emails to our officers who will then email or call throughout the day to book the accommodation and check that it is still available as these emails are sent to all local authorities that the provider works with. During these conversations officers will negotiate rates and the arrangements for meeting the tenant along with planning for any specific accommodation requirements such as cots or additional beds in the property. Often officers must ring around several suppliers several times a day due to the fast-changing nature of this type of accommodation.

The DPS however, offers a more efficient and streamlined process. The DPS will be less time consuming and provide transparency and confidence that best value has been achieved. It is accepted that there may be occasions such as an emergency or crisis requirement that may require direct award.

Regarding risk, the DPS manages quality and financial risk through proportionate entry requirements of providers and through ongoing contract monitoring.

Public Contracts Regulations (2015) require that sourcing arrangements are open and transparent and are operated by electronic means. Not implementing a dynamic purchasing system could open the Council to potential challenge and non-compliance with Public Procurement Policy regulations.

Democratic compliance / previous authority

Cabinet authority is required to establish any such new procurement framework, and in doing so Cabinet may also authorise the relevant officer to make specific case-by-case procurement decisions within the framework.

Select Committee comments

None

SUPPORTING INFORMATION

Background

1. The Council's duties owed to homeless people are now contained in Part 7 of the *Housing Act 1996* (as amended). The *Homelessness Reduction Act 2017* (HRA) has, since 3 April 2018, placed a duty on authorities in England to:
 - Work to prevent homelessness for all eligible applicants who are threatened with homelessness, i.e. likely to become homeless within 56 days.
 - Work to relieve homelessness for all eligible applicants who become homeless.
2. Housing authorities have a duty to provide or secure the provision of advice and information about homelessness and the prevention of homelessness, free of charge. This advice and assistance must be made available to any person in the district "including people who are not eligible for further homelessness services as a result of their immigration status."
3. The Council only has an absolute duty to secure accommodation for households who are deemed to be unintentionally homeless and in priority need. If an applicant has become homeless unintentionally, the authority must assess whether they, or a member of their household, falls into a 'priority need' category.
4. If an applicant/household is in a priority need category and is homeless, the Council must secure temporary accommodation for them pending the outcome of inquiries. If a full rehousing duty is owed, suitable temporary accommodation must be provided until such time as the duty to rehouse is discharged.

Homelessness and the need for temporary accommodation in Hillingdon

5. At the end of March 2021, there were 428 homeless households in temporary accommodation in Hillingdon, of which 169 were in emergency accommodation. In addition to the homeless households placed in temporary accommodation, there were 87 rough sleepers also housed in temporary accommodation at the end of March 2021, who were placed as part of the 'Everyone In' initiative to bring rough sleepers in off the streets as part of the response to Covid-19.
6. The overall number of households in temporary accommodation reduced slightly throughout 2020/21, but has increased slightly during 2021/22, reflecting rising levels of demand in recent months.
7. There will be additional accommodation demand pressures due to both the need for decants for the regeneration programme and increased demand as a result of a backlog of private sector eviction cases that will work their way through the courts now that

restrictions resulting from Covid-19 have now been lifted. The increased homelessness demand resulting in a requirement for the council to assist in sourcing accommodation is estimated at 20%.

Developing a consistent, managed and value for money approach for temporary accommodation placements

8. A Dynamic Purchasing System (DPS) is a procedure utilised for procuring contracts of works, services and goods available from the marketplace. It has similar aspects to a framework agreement, but allows an unlimited number of providers to join the scheme at any time.
 9. The DPS will initially last 5 years (with the option to extend for a further 2 years).
 10. In order to be admitted to the DPS, providers are required to go through an application and quality assurance process to assess their knowledge, experience and expertise in delivering services. The assessment focuses on key areas such as quality, safeguarding, staffing and management. Financial evaluation will form part of the entry process.
 11. Officers will be undertaking market engagement activity to ensure that our key providers and as many local providers as possible are signed up to be part of the DPS. Providers need to recognise that registering and agreeing to be part of the arrangement is an important and positive step in building their relationship with the Council.
 12. The DPS will assist in achieving:
 - A bank of quality assured providers (by service category)
 - A clear choice of approved providers
 - Best 'market value' in terms of cost and quality of the service
 - Improved business processes for both the Council and providers
- 13. DPS Lots:**
- Lot 1 - Spot purchase B&B rooms -Bed and Breakfast
Rooms of various sizes available in hotels and HMOs with cooking facilities. These rooms are used on a temporary basis, the length of use for families is limited to 6 weeks and paid for on a nightly basis.
- Lot 2 – Spot Purchase of Self-Contained Accommodation (Annexes)
These are pre-dominantly family sized properties used on a spot purchase (on demand) basis, used as short-term temporary accommodation. They are fully furnished, and tenure is based on a license.
- Lot 3 - Block Bookings of B&B rooms and Annexes
Rooms and self-contained accommodation of various sizes, from single to family size, most of which have some self-contained facilities, either bathing or cooking or both. The period of the block booking can range from 1 to 5 years depending on price offered and standard of the units. Block bookings are all subject to negotiation.

Lot 4 – Out of Hours Accommodation

Rooms of various sizes available in hotels and HMOs that are available to be accessed 24 hours a day.

13. Entry Process

- 13.1. Providers wishing to join the DPS are invited to access the Tender documents online and submit a completed response to the Invitation to Tender (ITT) via Capital ESourcing at [https:// www.capitalesourcing.com](https://www.capitalesourcing.com)
- 13.2. Documents received by any other means will be rejected.
- 13.3. The Tender documents potential providers are required to complete and submit include the Form of Tender, Pre-Qualification Questionnaire (PQQ) online. The potential Providers will be required to submit policy and procedure information and financial accounts. In some cases, there will be a physical site visit from the Council before admission to the DPS.
- 13.4. The Tenders will be evaluated.
- 13.5. There will be a spot contract issued to successful providers for admission to the DPS.

14. Call-Off Process for Providers admitted to the DPS

- 14.1. Providers will issue daily availability notifications to Hillingdon who will use this to make placements on a spot contract basis.
- 14.2. Council Officers will notify all Providers who have been admitted to the DPS for the relevant Lot of the opportunity.
- 14.3. The notification will detail the type of accommodation required to invite providers to meet demand.
- 14.4. The Provider who can meet the demand of the accommodation type and suitability criteria, at the lowest price will “win” the placement.
- 14.5. If the placement cannot be made from the DPS the officers will award the placements off the DPS, however, the intention is that this is infrequent.
- 14.6. All requests for requests for placements are signed off by a senior officer and subsequently approved by the relevant budget manager through existing internal management systems. All placements are also reviewed as part of the services monthly budget monitoring.

Financial Implications

There are no additional costs associated with the use of the DPS system. Any changes required to current Temporary Accommodation booking processes are expected to be covered within existing resources. The increase in demand for Temporary Accommodation units due to the ‘Everybody in Initiative’ has led to an increase in unit costs when compared to 2019-20 rates. Rough Sleeper placements have been funded via specific grant with the increase in cost on general homelessness placements funded by Covid-19 contingency. The DPS system will

provide a tool to purchase from pre-approved providers at the lowest rate offered which will enable the service to better manage expenditure within budgeted levels.

The current level of business for the market that will be accessed via this DPS is approximately £4.2M per annum including expenditure on providing accommodation for Rough Sleepers. Providers are financially evaluated before being admitted to the DPS and will be monitored for quality and financial stability.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon Hillingdon residents, service users and communities?

Utilisation of a DPS will ensure the Council secures best value for temporary accommodation placements. The DPS offers an open, transparent system which provides equity and compliance as well as a systematic methodology for sourcing placements, with evaluation clearly based on price & quality.

Consultation carried out or required

Not required.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance has reviewed the report and concurs with the financial implications contained within, noting that the use of the Dynamic Purchasing System will enable temporary accommodation to be procured within existing budgets.

Financial vetting that is acceptable in accordance with the Council's Supplier Risk Protocol will be undertaken before Providers are admitted to the Dynamic Purchasing System.

Legal

The Borough Solicitor confirms that the use of a Dynamic Purchasing System (DPS) is authorised and must comply with the Council's Procurement and Contract Standing Orders as set out in the report.

The Borough Solicitor also confirms that there are no legal implications arising from this report and that the approval of the recommendation will facilitate the Council in meeting its statutory obligations pursuant to Part 7 of the *Housing Act 1996* (as amended) and the Homelessness Reduction Act 2017.

BACKGROUND PAPERS

NIL.