

**Decision Maker:** Executive

For Pre-Decision Scrutiny by the Care Services PDS Committee

**Date:** 12<sup>th</sup> January 2016  
13<sup>th</sup> January 2016

**Decision Type:** Non-Urgent Executive Key

**Title:** GATEWAY REPORT - TEMPORARY ACCOMMODATION

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**Chief Officer:** Chief Executive

**Ward:** Borough-wide

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**1. Reason for report**

- 1.1 The Council spends more £4.5m (net) procuring temporary accommodation for homeless households every year and demand for this service is forecast to increase. Temporary accommodation(TA) is procured through a mixture of block and spot contract arrangements.
- 1.2 Members receive regular reports outlining the key activities, new initiatives and pressures in the Housing Division. This report sets all the activities and recommended actions required in order to sustain the initiatives to source an adequate supply of general needs temporary accommodation to meet predicted future requirements.
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**2. RECOMMENDATIONS**

**2.1 Members of the Care Services PDS Committee are asked to:**

- Note and comment on the contents of this report and the current action being taken to reduce the costs and improve the supply of TA.

**2.2 The Executive are asked to agree to the following recommendations:**

- The Housing Division continues the current arrangements with Housing Associations to access TA through formal nominations agreements.
- The Housing Division will continue to pursue cost effective block contracts for TA both in private sector leasing and nightly paid accommodation.

- **Officers to set up a Dynamic Purchasing System (DPS) from which the Housing Division can procure both private sector leased and nightly paid TA. All current providers are expected to sign up as providers on this DPS and the DPS will be developed in collaboration with the South East London Housing Sub-region with Bromley as lead borough.**
- **Agree to enter into a new contract with Orchard and Shipman for 3 years from 1.4.16 to 31.3.19 with the option to extend for a further 2 years. Orchard and Shipman will be expected to sign up as a provider on the DPS.**

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Supporting Independence.
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### Financial

1. Cost of proposal: N/A
  2. Ongoing costs: Recurring cost. £8,965K
  3. Budget head/performance centre: Temporary Accommodation
  4. Total current budget for this head: £3,403,449
  5. Source of funding: Revenue Support Grant
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### Staff

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours:
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### Legal

1. Legal Requirement: Statutory requirement.
  2. Call-in: Call-in is applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): More than 5,500 households approach with housing difficulties which could lead to homelessness each year. There are currently about 1,147 households in temporary accommodation to whom the Council owes a statutory duty, of which 702 are in costly forms of nightly let accommodation.
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments:

### 3. COMMENTARY

Members receive regular reports outlining the key activities, new initiatives and pressures in the Housing Division. This report sets all the activities and recommended actions required in order to sustain the initiatives to source an adequate supply of general needs temporary accommodation from and to meet predicted future requirements.

#### **Estimated Contract Value**

3.1 Housing Association arrangements have a net nil cost to the Council.

Private Sector Leasing. There is a net nil cost to the Council for the management and payment of rents as this is recovered through the rental stream charged to tenants.

Nightly Paid accommodation – current block contracts - £229,931.25 (gross) for 24 units.

In total the gross value of all temporary accommodation procured through the private rented sector is currently around £14m. Once the applicable rental charges are collected from tenants this equates to a net expenditure of approximately £4.5m

#### **Proposed Contract Period (including extension options)**

3.2 The proposals in this report make recommendations to meet the demand for TA for the next 3-5 years. The Public Procurement Regulations 2015 have abolished the time restrictions on a DPS; however it would be prudent to put formal arrangements in place to review and extend them after 4 years, particularly if the Council is acting as lead borough.

#### **Demand**

3.3 The number of people living in TA and the cost of this continues to rise now dominating overall provision with no prospect of any reduction over the next few years. In order to meet the continued demand for TA the Council secures units in several ways. The most advantageous arrangements are via housing association temporary lets and the most costly are spot purchased nightly paid units.

3.4 The table below shows the numbers of properties used for general needs TA split by source. For the purpose of this report specialist supported accommodation which may be used as temporary accommodation as part of a housing pathway is not included. If the growth estimates and the current projections to increase supply are correct the Council will reduce the proportion of TA provided via nightly paid accommodation by 2018/19 from 61% to 46%. However it must be noted that the impact of forthcoming welfare reform changes may increase demand further during this period.

3.5 In order to achieve this improved position it will be necessary to maintain the current supply of properties from housing associations and private sector leasing as these properties are effectively cost neutral to the Council.

Type of accommodation	Current Units 2015/16	% of total requirement	Estimated Units Required by 2018/19	%
a) Housing Association (fixed proportion of lettings from permanent stock are offered as TA)	223	20%	223	14%
b) Private Sector Leasing (including Bellegrave and Manorfields)	222	19%	269	16%
c) Private sector leasing via Mears SPV	0	0%	400	24%
Total required	1147	39%	1639 (est. increase of 15 per month)	54%
d) Shortfall acquired through nightly paid arrangements	702	61%	747	46%

- In order to meet the demand for TA the Council will continue to seek the number of units required for the best possible value for money achievable in this difficult market.
- The volume of units accessed through Housing Associations and Private Sector leasing will be maximised in order to reduce use of expensive nightly paid accommodation
- Formal contractual arrangements will be agreed in accordance with Contract Procedure Rules.

#### a) Housing Association Stock

3.6 Use of permanent social housing stock offers one of the most cost effective forms of temporary accommodation with the costs fully met through the rental stream. However it must be noted that to maintain existing provision the Council is being asked to underwrite the rental charges for a number of households who are affected by the benefit cap. It is likely that with the introduction of universal credit additional underwriting guarantees may be sought. The current breakdown of units supplied is set out below. As this accommodation is sourced from permanent stock and with the number of relets and new builds currently reducing it is not possible to increase levels as this will simply reduce supply for move on increasing the numbers in TA further. If the Council fails to nominate households to these units then the Housing Association is likely to let the properties as permanent housing.

Provider	Number of Units	Expiry	Cost to LBB
<b>Affinity Sutton</b> Housing Association Nominations agreement	215 (some slight variation dependent upon vacancies and availability)	In perpetuity/5 year review	£0 – managed and maintained by housing association with costs met through rental stream.
<b>A2 Dominion:</b> Housing association nomination agreement	Specific 8 properties acquired for use as TA	In perpetuity	£0. – Managed and maintained by housing association with costs met through rental stream.

## b) Properties leased from the private sector

- 3.7 These schemes are cost-effective with costs traditionally met through the rental charges able to be passed on to tenants and are long-term arrangements for a minimum of three to five years. Bromley currently has access to 222 properties leased from the private sector, the current breakdown of units and contract terms are shown in the table in appendix 1.
- 3.8 There are two types of private sector leasing schemes:
- Local authority private sector leasing** whereby the Council takes a lease from a private landlord and recoups the cost of the lease rent and management through the rent passed on to the tenant. For Bromley housing association partners undertake the management of these leased units.
- Housing association leasing** whereby the housing association takes a lease from a private landlord. The housing association is responsible for paying the lease rent and managing the property during the lease term. This is funded through the rent they collect from the tenant. The Council then provides the tenant by way of nomination.
- 3.9 The legislation allows households to be charged a rent (or use and occupation fee) for the accommodation provided to them, where applicable housing benefit payments can cover this charge. However, the Government has limited the maximum housing benefit subsidy local authorities can claim for temporary accommodation which effectively sets the rent level that can be charged to the household placed. The Council therefore has to meet the cost of any difference between the lease and management cost of the property and the rent paid by the tenant.
- 3.10 The financial arrangements resulting in a cost neutral outcome for the Council were effective for some years but now fall short of market costs in light of the dramatic increase in private rents and impact of welfare reform. With providers no longer able to procure or offer accommodation within subsidy arrangements, the Council is faced with covering this increasing shortfall. This is achieved by offering incentives to providers.
- 3.11 Since April 2013 this has resulted in a 24% reduction in leasing scheme properties available to the Council, most notably from housing association leasing schemes. As leasing schemes become less economically viable an increasing number of housing associations have withdrawn from the temporary accommodation market, leaving an increased reliance on providers only willing to offer accommodation at a nightly paid rate reflective of the overheated rental market.
- 3.12 Whilst the latest spending review has announced the intention to increase temporary accommodation subsidy arrangements to the current local housing allowance (LHA) level and remove the current £40 per week management fee in favour of a block grant arrangement

details have not as yet been published. Early analysis however suggests this will have a limited impact upon the current costs of temporary accommodation provision and will not play any significant role in adjusting the current trends in relation to temporary accommodation provision.

- 3.13 The Council entered into the current arrangements with Orchard and Shipman by using a framework agreement set up via a competitive tendering process undertaken by Midlothian Council in 2011. The Council's current over-arching nil value contracts with Orchard and Shipman to source and manage the lease and management of temporary accommodation expire on 1<sup>st</sup> April 2016.
- 3.14 The contractual arrangements with Orchard and Shipman have been varied to include Bellegrove and Manorfields where the leasing arrangements relate to all the units within each building. The variation covers a 5 year lease for each property from the date the first occupant moves in. The Bellegrove lease continues until October 2018 and Manorfields will run until January or February 2020, subject to the final completion date for the refurbishment work.
- 3.15 Existing leases and those currently being negotiated remain within the temporary accommodation subsidy arrangements in that rental revenue covers the costs of the lease payments to the property owner and management services from Orchard and Shipman.
- 3.16 The audit report on temporary accommodation of October 2015 recommends that arrangements are put in place to extend contracts to cover and protect the current lease and ability to take on new properties under this arrangement.
- 3.17 It is recommended that the current contract with Orchard and Shipman and the other private sector leasing contracts with Dabora Conway and Theori, Oak and Notting Hill Housing Group which expire in April 2017 are extended.
- 3.18 The refurbishment of Bellegrove and Manorfields has secured up to 95 additional units of TA. There are not currently any other potential units within the Council's portfolio available for refurbishment.
- 3.19 The Council continues to seek additional supply including leased arrangements through empty homes and purchase and repair schemes as available in partnership with those registered providers operating within the TA sector.

#### **c) Property Purchase**

- 3.20 The Executive has agreed property purchase of up to 400 units over three years, in partnership with a registered provider (Mears). This scheme was approved in June 2015 and the first properties due to be purchased earlier in the new financial year.
- 3.21 The scheme will be reviewed on an annual basis to assess the potential to enter into each phase based upon any changes to rent levels and increases in house prices, both of which may impact upon the level and location of properties able to be acquired under the scheme. The overall number is also limited by house prices against the level of institutional funding that can be secured.

#### **d) Nightly Paid Accommodation**

- 3.22 When it is not possible to meet the demand for TA through the leasing arrangements the Council uses nightly paid accommodation. A breakdown is shown below:

## Nightly Paid Placements

	Current Number	Of which out of borough	Gross cost	Net cost
Shared facility	594	565	£12,828,413	£4,522,107
Self-contained	108			
Total	702			

- 3.23 Prices for nightly paid accommodation are market-driven. Fixed nightly rates have been informally negotiated with many providers and work is being undertaken on a pan-London basis to try and drive down rates.
- 3.24 During the first half of 2015/16 Officers secured 3 block booking arrangements for 24 units with in-borough providers. These units are only meeting 3.5% of the current demand, however projected annual cost containment of £67,110 will be realised by these arrangements. Details of these arrangements are set out in the appendix to this report which is on Part 2 of the agenda for this meeting.
- 3.25 The Council needs to secure a much higher percentage of block bookings, preferably within the borough in order to meet demand. It would not be unreasonable to set a target of block booking 50% of the anticipated nightly paid units which is approximately 350 units.
- 3.26 Due to rising rental costs inner-London boroughs are increasingly forced to place households in outer-London. Bromley experiences a knock on effect from this which has led to a position where more than 50% of all of the Council's TA placements are out of borough. This accommodation is not always cheaper and additionally increases the risk of costly legal challenge and potential for compensation orders in relation to suitability of accommodation, particularly in light of the recent relaxation of government guidance around out of borough placements. This position also presents increasing difficulty in monitoring the placements and providing statutory support for tenants.
- 3.27 In addition to the disadvantages for tenants placed out of borough there is also increased pressure on the Housing Division to manage and monitor the placements. The administration of individual spot nightly-let placements is labour-intensive for staff resources, in terms of making placement arrangements, verification of use and payment. The enforced use of shared facility accommodation has also increased the cost of removals and storage of belongings with an additional £50K budget pressure for the current financial year.

### Market Conditions

- 3.28 The number of registered providers (RPs) offering leasing scheme properties has reduced in recent years. Relationships with RPs are highly sought after by local authorities and as a result RPs are increasingly working on a wider regional basis to gain the negotiating power within the market and obtain economies of scale for the management of units. Providers are commonly complaining that the current management fee allowance is not sufficient to cover their costs and Councils are being forced to be innovative in their offer of incentives in order to continue to engage with existing RPs and build new relationships.
- 3.29 Temporary Accommodation is a tough market. Other boroughs in London which have run standard procurement exercises with the aim of letting block contracts have not been able to attract providers offering accommodation at reasonable rates. Tendering exercises which have sought to use a set price across all schemes have failed to deliver the number of units required.
- 3.30 A key difficulty in achieving a sufficient supply of TA is that whereas Councils are in some ways bound to their geographical area the providers are not and therefore they play Councils off



against each other to achieve the most favourable price. Although London Councils have jointly reached an agreement about maximum prices inner London boroughs still purchase placements in outer London boroughs which forces the outer London boroughs to place in surrounding areas. Lewisham, Croydon, Lambeth and Bromley have agreed to work together and to use their combined purchasing power to give them more influence over providers.

## **Risks**

- 3.31 It is accepted that the Council will need to make some placements in other local authority areas, however there are real risks attached to doing this in volume and recently other London Boroughs have faced significant six figure sum fines for placing out of borough or in shared accommodation. Imposition of fines at this level would negate the savings achieved by block booking out of borough.
- 3.32 Boroughs are required to share information on out of borough placements for TA; however the information provided is not consistent across boroughs preventing a clear picture. Anecdotally it would appear that whilst the number of boroughs placing in Bromley is relatively small this has increased over recent years.
- 3.33 In terms of regional working, supply in Bromley is very limited meaning that out of necessity Bromley is a net exporter in terms of temporary accommodation. Across London borough, must offer leased accommodation to the host borough in the first instance. It is therefore imperative that Bromley continues to work closely with other local authorities to enable procurement for TA in these areas.

## **Conclusions**

- 3.34 If the Council does not take any procurement action the costs of temporary accommodation will continue to increase and the risk of challenges because of the location and type of accommodation offered will increase. Therefore “no action” is not an option.

## **Extend contracts with Orchard and Shipman and other providers**

- 3.35 The main contract with Orchard and Shipman expires in April 2016 with the smaller contracts with Dabora Conway Notting Hill Housing Association and Theori /Oak expiring in April 2017. The Council continues to require the accommodation currently leased under these schemes to meet demand for temporary accommodation, therefore it is recommended that the Council enters into a new contract with Orchard and Shipman for management leasing arrangements for a further 5 years largely on existing terms and conditions. The contract period would be for 3 years plus option to extend for 2 years. Extensions will also be sought with Dabora Conway and Theori Oak Housing Associations for 3 years from 1.4.17 to 31.3.2020 with optional extensions of 2 years. The contracts will include provision to track TA subsidy in the light of forthcoming changes to benefits.
- 3.36 Extension of the current arrangements will not be sufficient to meet the level of demand for temporary accommodation, particularly given the declining availability of leased properties. Therefore the Council will still need to acquire additional units and where possible avoid doing so through ad hoc nightly paid arrangements due to the high costs, resource intensive and uncertainty in procurement levels surrounding this type of placement.

## **Establish a Dynamic Purchasing System (DPS) for nightly paid accommodation and Leasing of properties.**

- 3.37 In order to achieve Best Value the Council needs to secure the critical mass of nightly paid bookings in advance via block bookings. The risk of over-booking can be mitigated by undertaking an annual review of requirements.
- 3.38 The Council will need to continue to work with its existing Private Sector Leasehold (PSL) providers and to develop relationships with emerging providers in order to reduce the ongoing cost of nightly paid TA. The Council needs to be able to make decisions very quickly to take up opportunities which are offered to it as offers from new providers are often made with very short notice.
- 3.39 The Procurement route that would meet these requirements is to set up a Dynamic Purchasing System (DPS). This would give the Council continued access to a range of providers that have been quality assured and who have submitted indicative prices. A DPS is preferred to a Framework as this would enable providers to be accredited during the course of the agreement reflecting the rapid turnover of providers in this market. All existing providers including Orchard and Shipman will be expected to sign up to the DPS.
- 3.40 The DPS would be advertised as 2 lots, giving Providers the opportunity to supply leasehold and/or nightly paid temporary accommodation. This more flexible arrangement would allow the Council to call off a range of contracts including both short term nightly arrangements on a block booking and spot-purchase basis and contracts for long term leasing/private sector units.
- 3.41 The DPS would be a useful tool for Bromley to progress as a single borough enterprise, however Lewisham, Southwark, Lambeth and Croydon have all stated in principle that they would be interested in joining together to create a regional DPS. They consider that this is a strong tool which would reduce the inflationary impact of competition between boroughs in favour of more stable longer term relationships to slow down the upward cost trajectory, increase supply and maintain access to local accommodation for the south east boroughs. As much of Bromley's TA supply is actually in Croydon and Lewisham then DPS set up and used on a sub-regional basis would be advantageous.
- 3.42 In addition to making individual call offs from the DPS Councils could use it to jointly call off larger blocks of units across a wider geographical area. Boroughs would need to develop a protocol for the allocation of these between themselves according to demand and risk. This could achieve greater efficiencies in rates not only due to the volume of properties required but also reduced risk in terms of the ability to acquire more local units and to ensure units are always fully occupied should there be sudden changes in demand.

### **Other implications**

- 3.43 The Housing Division is currently procuring a new IT system which will replace several current systems and interfaces which are no longer fit for purpose. Successful implementation of a new system will significantly reduce the complexities of administration associated with placements in temporary accommodation.

### **Risks Identified**

- 3.44 There is a financial risk to the Council if no action is taken to address the procurement of a temporary housing supply as the price of nightly paid accommodation continues to increase. This has been covered in previous reports.

## **Reporting Mechanisms**

3.45 The Housing Division will continue to review the requirement for temporary accommodation every six months and draw up procurement plan to meet demand. The results of the procurement exercises will be reported via the current 6 monthly reporting cycle to Care Services PDS and Executive

## **What Will Constitute Success**

3.46 The key success measure will be a reduction in expenditure per unit of TA acquired as a result of:

- Increase in percentage of PSL units acquired
- Increase in the percentage of block booking nightly paid units
- Significant reduction in the percentage of nightly paid accommodation units spot purchased
- Reduction in the rates paid for nightly accommodation
- Reduction in the number of shared accommodation placements made
- Reduction in the proportion of placements made out of borough in particularly out of London

## **4. POLICY IMPLICATIONS**

- 4.1 The housing objectives are set out in the relevant business plans. These objectives are compliant with the statutory framework within which the Council's housing function must operate and incorporate both national targets and local priorities identified from findings of The review, audits and stakeholder consultation.
- 4.2 The Council has a temporary accommodation procurement and placement policy (elsewhere on this agenda) which seeks to ensure compliance with the statutory framework for the provision of temporary accommodation meeting the requirements for suitability whilst seeking value for money in all placements.
- 4.3 The Council's temporary accommodation procurement and placement policy takes account of statutory guidance together with caselaw requirements to fulfil the Council statutory duty for the provision of temporary accommodation. This has been reviewed to reflect market, legislative and case law changes and a report is elsewhere on this agenda.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 The increasing costs of TA have been reported to Members previously.
- 5.2 The table below provides a breakdown of the nightly paid bed and breakfast costs

### AVERAGE ANNUAL COST PER UNIT

	LANDLORD	RENT TO TENANT	COST TO LBB
	CHARGE £	H/B SUBSIDY £	£
1 BED	15,041	9,628	5,413
2 BED	18,223	11,158	7,065
3 BED	21,701	12,532	9,169
AVERAGE COST			7,216

- 5.3 The majority of families in nightly paid accommodation require two bedrooms with the next most needed type of accommodation being one and three bedroom accommodation.
- 5.4 The average cost per unit is around £7k p.a. although this is forecast to increase in the next few years. The net cost after taking into account the subsidy is £4.5m in a full financial year.
- 5.5 The number of homelessness is currently 1,147 of which some are placed in temporary accommodation or private landlords. However it is the nightly paid which is the major cost pressure of which there are currently 702 households. This compares to 1,051 and 683 respectively reported to committee previously. This highlights the trends and pressures.

## 6. LEGAL IMPLICATIONS

- 6.1 All local authorities have a statutory duty under the Housing Act part VII (as amended by The Homelessness Act 2002) to secure suitable temporary accommodation for priority Homeless households.
- 6.2 Under section 188, part VII of the Housing Act 1996 local authorities have a duty to secure accommodation for homeless households that are eligible for assistance and have a priority need pending a decision on any duty owed under the 1996 Act. This is known as the 'interim duty'.
- 6.3 Local authorities also have other statutory duties including those under sections 190,195 of the 1996 Act to provide accommodation, help and assistance. This often means Providing accommodation to some of the most vulnerable members of the community Including for example those with mental health issues, physical disabilities and vulnerable Children.
- 6.4 Under section 193 of the Act local authorities are bound by statute to secure that suitable Accommodation is available for those applicants who have been accepted as having a 'main' homelessness duty. This will usually initially be filled by continuing the temporary arrangements entered into for the interim duty.
- 6.5 The Council also uses temporary accommodation style arrangements to fulfil the statutory duty towards other client groups for example those with no recourse to public funds and some leaving care clients.
- 6.6 There is clear guidance within the homelessness legislation and case law regarding suitability of temporary accommodation. This includes details of standards of accommodation, nature, style, affordability and location. Recent case law has clearly set out the expectation that local authorities should as far as possible secure accommodation within the locality. Where this cannot be done there needs to be a clear audit trail which demonstrates how accommodation was procured in the nearest possible location. In

addition, full risk assessments must be undertaken regarding out-of-borough placements. Lack of accommodation in itself is not sufficient to justify a placement which does not meet the suitability criteria. Failure to meet the above requirements brings the risk of legal challenge resulting in order with specific placement requirements and compensation orders.

## **7. PROCUREMENT IMPLICATIONS**

- 7.1 The Public Contract Regulations 2015 amended the previous procurement rules for DPS systems which makes them easier to set up and operate.
- 7.2 A DPS is effectively the same as a framework of providers, which is a familiar concept, but the key differences are;
- New providers meeting selection criteria can be added to the DPS at any point.
  - The DPS is not restricted to a 4 year duration.
  - In order to procure under a DPS the contracting authority must use the restricted procurement process
  - All procurement activity must take place electronically
- 7.3 There are established providers who largely run DPS systems on behalf of other organisations. The Council will be fully involved in establishing selection criteria for admission to the DPS, but the DPS provider recruits and manages the supply chain via an electronic system.
- 7.4 The Council currently uses a company named Adam (formerly known as Matrix) to support the DPS used to procure Supply Teachers, Tutors and School Improvement Consultants. This contract is performing well. There are significant advantages of using an external company to provide an IT system that supports the management of the activities put through the DPS and manages the payment.
- 7.5 Alternatively the Council could develop its own system for running a DPS; however this would take significant IT development time and require the allocation of skilled resources to manage it which would not be consistent with the Council's strategy to reduce activities.

## **8. CUSTOMER PROFILE**

- 8.1 Homeless People meeting the criteria to be placed in TA. The Council regularly reviews the profile of statutory homeless households to feed into the requirement of temporary accommodation in terms of the profile, size and nature of accommodation required. Currently the broad requirements are as follows:

30% - single person, couples or pregnant households with no other dependent children

55% - 2 bedroom accommodation – single adult or couple with upto 2 children

15% - 3+ bedroom –families with 3 or more children

## **9. STAKEHOLDER CONSULTATION**

- 9.1 The Council has consulted widely with other housing authorities in South East London with the West London Alliance of boroughs and with boroughs in North London who have developed their own DPS.

- 9.2 The Council engages with Housing Associations in Bromley, with providers delivering Private Sector Leasing Schemes and also runs an annual Landlords Forum.
- 9.3 London Councils Housing Directors group has undertaken extensive data sharing in relationship to the temporary accommodation market (providers, prices, availability) and homeless demand. Bromley continues to liaise frequently with PR and private sector providers to gain insight into the market.
- 9.4 Through this consultation and research it has been established that providers would be responsive to registering to provide TA via a DPS.

## **10. SERVICE PROFILE / DATA ANALYSIS**

See Paras 3.5, 3.6, 3.20 and 3.22 for Service Metrics / Benchmarking.

## **11. MARKET CONSIDERATIONS**

- 11.1 There is a high demand for affordable temporary accommodation in London. In the market there are a mixture of large national landlords who have significant portfolios of property spread across many geographical areas and SMEs or sole traders with just one property. Overall it is a highly organised market which has responded to changes in benefits arrangements by moving away from the provision of PSLs towards more nightly paid accommodation on short term arrangements.
- 11.2 London Councils recently commissioned an independent report from Julie Rugg, Centre for Housing Policy on the temporary accommodation market in London. The findings of this report have been used to help inform the recommendations contained within this report, particularly in terms of the range of procurement, use of DPS and sub-regional working.

## **12. OUTLINE CONTRACTING PROPOSALS & PROCUREMENT STRATEGY**

- 12.1 The outline timeline for development would be as follows:

January 2016	Executive Agreement to TA procurement strategy and to access framework for DPS
	Extend existing contract with Orchard and Shipman
	Review TA procurement requirements and continue to seek opportunities to enter into block contracts with providers for PSL and Nightly Paid accommodation.
	Develop model and protocols for Sub-regional DPS. Re-assess potential benefits and take formal decision to proceed with this based on realisable financial benefits
February – September 2016	Development of DPS structures, documentation and supply chain. Sign up of strategic partners from other local authorities.
September 2016	Review and prepare TA procurement requirements prior to go live.
October 2016	Go live – Start to use DPS to meet long term leasing requirements and nightly paid accommodation

- 12.2 As lead authority LBB will access DPSs from framework and sign access agreement. LBB will develop a formal agreement which covers access to the DPS and also the operation and allocation of TA acquired through any joint commissioned requests.
- 12.3 Tender documentation – Housing already have service specifications in place for temporary accommodation which will require very little amendment.
- 12.4 A DPS IT system has standardised high level documents which will need to be revised to be made appropriate to local requirements.
- 12.5 Once the DPS is established each requirement that is put out to Providers will be developed individually using the standard templates within the DPS system.
- 12.6 Evaluation criteria for access to the DPS will be based on the
- Providers ability to provide appropriate certification / insurance for properties
  - Providers financial status / credit check
  - Information about staff – DBS checks
  - Demonstrable experience of managing mixed households of TA
  - Positive management of invoicing
- 12.7 Evaluation of bids against DPS requirements will be based on lowest price meeting agreed quality standards. The DPS system may have the option for suppliers to review their costs downwards prior to final submission, should there be a competitive situation.
- 12.8 The Procurement Team in ECHS have experience of setting up a DPS which provides Educational Consultants. This DPS has been successful in reducing costs and introducing competition into the market. The procurement project will be led by Housing Division and supported by the Procurement Team in ECHS. Ongoing monitoring of the performance of the DPS and the quality of properties delivered will be the responsibility of the Housing Division. If Bromley is acting a lead borough the other members will be asked to fund the additional resources required to set up and run the DPS
- 12.9 Evaluation will refer to the requirements for TA provision set out in legislation and reflected in the Councils current contracts for temporary accommodation which at a high level cover the following:

Cost	Quality
Rental costs	Proven ability to deliver and manage TA
Management fee	Management standards
Acquisition/set up costs	Property condition
Incentives	Location
	Term/security of units

### 13. SUSTAINABILITY / IMPACT ASSESSMENTS

- 13.1 Improving the supply of good quality TA will have a positive impact on homeless people placed by the borough. If the exercise is successful in accessing more TA within Bromley, or retaining this TA for Bromley residents (as opposed to residents from other boroughs) this will enable people and their families to retain contact with their own community, health resources, schools etc. This will have a positive impact on the well being of Bromley residents and the life chances of children.
- 13.2 Introducing more block contracts will be a positive move for suppliers, as this will reduce administration involved in making individual bookings.
- 13.3 For contractors a DPS is particularly suitable for this market as there is a rapid turnover of suppliers, many of whom are SMEs. Suppliers can apply for admission to a DPS at any time and their application must be progressed within 10 days. Once admitted to the DPS all relevant tender opportunities are circulated to all providers automatically. The amount of administration required to submit bids via a DPS is considerably reduced as initial checks on the provider have already taken place. Providers are able to adjust their prices in response to each bid and thus the council can achieve better value for money.

<b>Non-Applicable Sections:</b>	Personnel Considerations
Background Documents: (Access via Contact Officer)	<p>CS14044 – Care Services PDS Committee – 26/06/14 – Housing Services 2014-15 Priorities.</p> <p>CS14004 – Care Services PDS Committee – 22/01/14 – Housing Services Priorities (mid year update)</p> <p>Housing Draw Down of Contingency report - Exec - November 14</p> <p>CS12058 – Executive – 09/01/2013 – Reducing Temporary Accommodation Invest to Save Project (Bellegrove).</p> <p>CS15087 – Care Services PDS Committee – 02/10/2014 – Temporary Accommodation Update – Use of Manorfields as Temporary Accommodation.</p> <p>CS15938 – Care Services PDS Committee November 17<sup>th</sup> 2015 – Drawdown on the Homeless Contingency Needs Grant</p>



## PRIVATE SECTOR AND HOUSING ASSOCIATION LEASED PROPERTIES

Provider Type of Scheme	Contracted number of Units	Current Number of Units	Contract arrangement	Expiry Date	Financial arrangement.
<b>Orchard and Shipman</b> Private Sector leasing including Council owned multi-unit facility	Flexible dependent upon availability and level of need – reviewed annually. Figures include Bellegrave and (Manorfields (45) which will come online in Spring 2016)	182	Mid-Lothian Framework agreement	April 2016	LBB pay O&S for rent and management. Rent level set to cover these costs. O&S responsible for rent collection on behalf of LBB.
<b>Dabora Conway</b> Private sector Leasing	Flexible dependent upon availability and level of need – reviewed annually	15	Direct with LBB	April 2017	LBB pay Orchard and Shipman for rent and property management. Rent level set to cover costs. LBB collect rent from tenant to cover this cost.
<b>Theori/Oak Housing</b> Housing Association Leasing	Flexible dependent upon availability and level of need – reviewed annually	10	Direct with LBB	April 2017	No financial implications for LBB. Housing association set up lease with private landlord and collect rent from tenants to cover lease and management costs.
<b>Notting Hill</b> Housing association leasing	Flexible dependent upon availability and level of need – reviewed annually	25	South East London Housing partnership arrangement	19 <sup>th</sup> March 2017	No financial implications for LBB. Housing association set up lease with private landlord and collect rent from tenants to cover lease and management costs.
<b>Total:</b>		222			