

Decision Maker: Executive

For Pre-Decision Scrutiny by Care Services PDS Committee on:

Date: 10th January 2017

Decision Type: Non-Urgent Executive Non-Key

Title: **RENEWAL OF HOUSING ASSOCIATION AND PRIVATE SECTOR LEASING SCHEMES - DABORA CONWAY, AND THEORI HOUSING MANAGEMENT LTD**

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Chief Officer: Director: Commissioning

Ward: (All Wards);

1. Reason for report

- 1.1 The Council spends more than £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 respect of homelessness and provision of temporary accommodation. The gateway report on Temporary Accommodation in January 2016 sets out all activities and recommended actions required in order to sustain the initiatives to source an adequate supply of general needs TA to meet future requirements.
 - 1.3 The Gateway Report also recommended extending leasing scheme arrangements where possible to maintain existing supply. This report therefore seeks to confirm extension for two of the smaller leasing scheme arrangements as detailed in the earlier report.
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2. **RECOMMENDATIONS**

Members of the Care Services PDS Committee are asked to:

- **Note and comment on the contents of this report and support the recommendation to renew the existing leasing agreements for Theori and Dabora Conway as set out in the body of this report.**

The Council's Executive is asked to agree:

- **To renew the existing housing leasing scheme agreements with Theori housing and Dabora Conway for a period of 3 years from 6th February 2017 to 5th February 2020 with the option to extend for a further 2 years – this to cover the existing individual leased properties under the scheme and any properties providers secure and offer under the same terms.**
- **To delegate authority to the Assistant Director Housing to enter into individual leases for properties within the terms of the overarching agreement as and when leases require renewal or where providers are successful in securing new leases within Bromley.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The above leasing schemes assist the Council in meetings its statutory rehousing duties to Homeless households ensuring safe and suitable accommodation for families and vulnerable adults
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Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Children and Young People Supporting Independence Healthy Bromley:
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Financial

1. Cost of proposal: N/A:
 2. Ongoing costs: For private sector leased properties there is a set management fee of £40 per unit per week which is recoverable through the rental stream.
 3. Budget head/performance centre: Temporary Accommodation
 4. Total current budget for this head: £4,090,07
 5. Source of funding: EC&HS approved revenue budget
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Personnel

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

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Applicable:
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Procurement

1. Summary of Procurement Implications:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): There are currently 1,371 households placed in temporary accommodation, of which 931 are in forms of nightly paid provision. The above schemes currently provide 22 self-contained units to assist in meeting the required supply of temporary accommodation.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The duty to provide temporary accommodation for certain homeless households is set out in The Housing Act 1996, part VII to provide temporary accommodation
- 3.3 The Executive Committee Gateway report in January 2016 set out the key activities, new initiatives and pressures in the Housing Division in relation to the provision of temporary accommodation.
- 3.4 The report further set out the need to maintain the current supply of around 450 properties from leasing schemes and provided approval to enter into a new contract with the main leasing scheme provider Orchard and Shipman upon expiry of the then existing arrangement. It further went on to recommend in paragraphs 3.17 and 3.35 that extensions are sought for Dabora Conway and Theori Housing for a period of 3 years from 6th February 2017 to 5th February 2020 with the options to renew for a further 2 years:

1. **Dabora Conway: local authority private sector leasing** whereby Dabora Conway secures private rented accommodation and provides the Council with a lease arrangement for use as temporary accommodation. The Council then recoups the cost of the lease rent and management through the rent collected by the Council from the tenant. Dabora Conway undertakes the management of these leased units. Dabora Conway currently provides 16 units under this arrangement. However 3 are currently in the process of lease end and handback.

Contract Value: the overarching cost to the Council is nil as it does not directly relate to any individual lease. The management fee element which is recovered through the rental stream is £40 per week per property. For 2017/18 based on the current portfolio this equates to a total annual sum of £27,040.

2. **Theori: 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. Theori currently provide 6 properties under this arrangement.

Contract Value: £0. The cost to the Council of the contract is nil as it is based upon nomination arrangements only.

- 3.5 Following negotiations with current providers based upon the recommendations contained within the Executive Committee Gateway report on Temporary Accommodation, this report now requests approval to extend the existing leasing scheme contracts for Theori Housing; housing association leasing scheme and Dabora Conway, private sector leasing scheme for a period of 3 years with the option to renew for 2 years.

4. SERVICE PROFILE/DATA ANALYSIS

- 4.1 The Council has a duty to provide temporary accommodation to homeless households falling into the prescribed priority need categories set out in the provisions of the homelessness legislation.
- 4.2 The number of people living in temporary accommodation and cost 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 temporary accommodation the Council secures units in a number of ways. The most advantageous arrangements are via housing association temporary lets and the most costly are spot purchased nightly rate units.

- 4.3 There are currently 1371 households in temporary accommodation. In order to meet the Councils statutory duties in relation to the provision of suitable accommodation and reduce the use of costly forms of nightly rate accommodation, in addition new initiatives such as the More Homes Bromley, property purchase scheme, it is necessary to maintain the current supply of properties from private sector and housing association leasing schemes.

5. MARKET CONSIDERATIONS:

- 5.1 The number of registered providers (RPs) offering leasing scheme arrangements has reduced in recent years. Relationships with RPs are highly sought after by local authorities and as a result RPs are increasingly working on wider regional basis to gain the negotiating power within the market and obtain economies of scale for the management of units. Providers however are commonly complaining that the current management fee allowance is not sufficient to cover their costs and Councils are increasingly being forced to be innovative in their offer of incentives in order to continue to engage with existing RPs and build new relationships
- 5.2 Temporary accommodation is a tough market. Other boroughs running procurement exercises for block booking and leasing scheme arrangements have not been successful in securing additional supply through these routes.
- 5.3 All London Boroughs are facing increasing demand and costs in relation to temporary accommodation, there is stiff competition in acquiring properties and the properties currently utilised under these arrangements would be quickly taken up by other authorities if offered to the temporary accommodation market..

6. SUSTAINABILITY/IMPACT ASSESSMENT

- 6.1 As these properties are directly secured by the housing providers operating the schemes, it is not possible to transfer the existing leases to another provider, or arrange direct agreements and as such the only options to continue to secure these properties is to continue with the existing provider arrangements.
- 6.2 The potential risk to the Council for not taking the proposed course of action is therefore that these properties will be withdrawn and offered to another local authority. This would mean that the Council would have to place the existing tenants in alternative accommodation. At this stage the alternative would be nightly rate accommodation. For the existing tenants this would equate to an annual net cost in excess of £140,000 based upon the current average net cost for nightly paid accommodation.

7. SERVICE REVIEW

- 7.1 The Housing Division will continue to review the requirement for temporary accommodation ensuring that the procurement plan remains reflective of any changes in legislation impacting upon requirements.

8. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 8.1 There is no direct impact on vulnerable adults and children arising directly from the contents of this report. However the provision of temporary accommodation through leasing scheme arrangement offers local self-contained accommodation of a good quality, safe accommodation for homeless households enabling them to maintain family and support networks, access health, schooling, education and employment.

9. POLICY IMPLICATIONS

- 9.1 The Council has a published homelessness strategy which sets out the approved strategic policy in terms of homelessness. This includes temporary accommodation provision and reducing the reliance on NPA. The Council also has a detailed temporary accommodation procurement and placements policy to ensure that it complies with its statutory duties in this area.
- 9.2 The leasing scheme units comply with statutory regulations and council policy for provision of temporary accommodation by providing costs effective local provision to meet homelessness duties.

10. FINANCIAL IMPLICATIONS

- 10.1 In total the gross value of all temporary accommodation procured through the private rented sector equates to around £14m. Once the applicable rental charges are collected from tenants this equates to as net expenditure of approximately £4.5 m. The leasing arrangements with Dabora and Conway and Theori do not have a cost to the Council.
- 10.2 By making these leasing arrangements it enables the Council to have a long term supply of temporary accommodation. The alternative would be nightly paid accommodation which, depending on the type of accommodation would cost at least £6k p.a. per property.

11. LEGAL IMPLICATIONS

- 11.1 All local authorities have a statutory duty under the Housing Act 1996, part VII (as amended by the Homelessness Act 2002) to secure suitable temporary accommodation for priority homeless households.
- 11.2 The accommodation secured by the above contracts assists in ensuring that the Council meets this statutory duty.
- 11.3 The Council has a temporary accommodation procurement and placement policy 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
- 11.4 The Council's temporary accommodation procurement and placement policy takes account of all statutory guidance together with case law requirements to fulfil the Council's statutory duty for the provision of temporary accommodation. This has been reviewed to reflect market, legislative and case law changes.

12. PROCUREMENT IMPLICATIONS

Paragraph 3.35 of the Gateway Report on Temporary Accommodation to Executive on 13th January 2016 (report no. CS16007) stated that extensions would be sought to the arrangements 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. This report formally seeks such extensions under Contract Procedure Rule 13..

Non-Applicable Sections:	Personnel
Background Documents: (Access via Contact Officer)	Executive Gateway report – temporary accommodation – January 2016 Contingency drawdown report – October 2016