

Finance and Resources Committee

10am, Thursday, 4 June 2015

Temporary Accommodation Framework - Award of Contract

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|-------------------|------|
| Item number | 7.10 |
| Report number | |
| Executive/routine | |
| Wards | All |

Executive summary

This report seeks the approval of the Finance and Resources Committee to award a multi-supplier Framework agreement consisting of 2 Lots for Temporary Accommodation Bed and Breakfast and Shared House delivery, following a competitive tendering process.

The term of the framework will be two years, with the option to extend for a maximum of a further two years.

Links

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|--------------------------|---|
| Coalition pledges | P8, P30 |
| Council outcomes | C10,C14, C16, C23, C25, C26 |
| Single Outcome Agreement | SO2, SO4 |

Temporary Accommodation Framework - Award of Contract

Recommendations

It is recommended that the Finance and Resource Committee:

- 1.1 Approves the appointment of the following Providers for two years, with the option to extend for up to a maximum of two years:
- 1.2 Lot 1 – Dalkeith House, Leamington Guest House, 3A Solutions Ltd, Cameron Guest House Group, Ardblair House, Bainfield House, Shiloh B&B, Newington Guest House for the provision of Bed and Breakfast Temporary Accommodation.
- 1.3 Lot 2 – Camstone (Scotland) Ltd, Cameron Guest House Group, St Albans Lodge for the provision of Shared House Temporary Accommodation.

Background

- 2.1 This report outlines the result of the procurement of the temporary accommodation Bed and Breakfast (B&B) and Shared House provision. The Council currently uses spot purchase bed and breakfast properties to accommodate customers (mainly singles and couples) who are assessed as homeless and require short-term temporary accommodation.
- 2.2 The Council has been utilising B&B, since 1987, when alternative accommodation is not available. It is the temporary accommodation of last resort. Other temporary accommodation is provided from Council stock, Registered Social Landlord (RSL) stock with some supported accommodation commissioned from the third sector.
- 2.3 The Council has a legal duty to provide temporary accommodation for homeless households or households at risk of homelessness.
- 2.4 This procurement exercise will secure circa 390 beds, 80% will be 'fixed' beds (pre-paid) and 20% 'flex' beds (paid for if used). Priority has been given to shared house, self-catering accommodation.
- 2.5 In 2014/15 the average individual nightly bed use was 373 beds. Bed use has never fallen below 312 beds during this period. More than 390 beds were used on 17 different weeks during this period, with a peak of 414 beds in March 2015.
- 2.6 This fluctuating bed use indicates the unpredictability of demand for temporary accommodation. A framework contract will allow the Council to draw down additional beds to accommodate the varying demand, without committing the Council to pay for fixed beds which might not be used.

Main report

- 3.1 The Council currently spot-purchases Bed and Breakfast accommodation as a means to provide short-term temporary accommodation as part of the Council's housing options service and statutory obligations to homeless households.
- 3.2 This contract will replace spot purchase B&B accommodation with a contracted service which will fix prices and improve standards. It also provides an alternative to B&B temporary accommodation by offering self-catering shared housing. Such service provision assists with developing customer budgeting and daily living skills. The contract will ensure that the Council continues to adhere to the Homelessness Persons (Unsuitable Accommodation) (Scotland) Order 2004, not to place households with children (or pregnant women), in bed and breakfast accommodation for longer than 14 calendar days.
- 3.3 An open tender was published on Public Contracts Scotland on 7 January 2015, resulting in 15 notes of interest and 11 tender submissions.
- 3.4 The supplier selection and award was based on a weighting of quality (40%) and price (60%). The essential requirements of the specification and the quality assessment took into account that the service will be provided to customers who may be vulnerable. All accommodation providers are required to hold a House in Multiple Occupation (HMO) license in order to participate in the framework contract. Failure to renew a HMO license will result in contract termination.
- 3.5 This was a first time tender for the majority of the organisations taking part; in recognition of this fact the Council did not set a minimum acceptable score. All suppliers have through subsequent clarification, offered provision that meets the specification standards and each will receive detailed feedback to improve future tender submissions.
- 3.6 The qualitative criteria and evaluation, as set out below.

| Award Criteria | Weighting (%) |
|----------------------------|----------------------|
| Accommodation & Facilities | 25% |
| Service Delivery | 20% |
| Management & Staffing | 15% |
| Performance Management | 10% |
| Quality Assurance | 10% |
| Business Continuity | 10% |
| Community Benefits | 10% |
| Total | 100% |

3.7 The scoring methodology is set out in Appendix 2. The resultant score for the tender is as follows:-

Lot 1 Bed and Breakfast (335 beds)

| Contractor | Quality (Max 40) | Price (Max 60) | Overall Rank |
|------------------|------------------|----------------|--------------|
| Dalkeith House | 37.5 | 49.2 | 1 |
| Leamington GH | 35.5 | 49.2 | 2 |
| 3A Solutions Ltd | 34.5 | 50.2 | 3 |
| Cameron GH Group | 36.5 | 47.1 | 4 |
| Ardblair House | 31.5 | 49.2 | 5 |
| Bainfield House | 28.5 | 49.2 | 6 |
| Shiloh B&B | 12.5 | 60 | 7 |
| Newington GH | 10 | 55.3 | 8 |

3.8 The bids submitted range from £48,107 to £3,390,668 per annum, prices vary depending on property numbers and size of accommodation.

Lot 2 Shared House (58 beds)

| Contractor | Quality (Max 40) | Price (Max 60) | Overall Rank |
|-------------------------|------------------|----------------|--------------|
| Cameron GH Group | 36.5 | 55.6 | 1 |
| Camstone (Scotland) Ltd | 29 | 60 | 2 |
| St Albans Lodge | 29 | 59.4 | 3 |

3.9 The bids submitted range from £129,910 to £567,575 per annum, prices vary depending on property numbers and size of accommodation.

3.10 The Assessment, Homelessness and Support team will be responsible for the management of the new contract. Properties provided by the contractors will be called off in line with the ranked order established from the evaluation of tender with Lot 2 taking priority over Lot 1.

Measures of success

- 4.1 A successful tender process has been completed and is compliant with European Union (EU) regulations and Contract Standing Orders.
- 4.2 Acquisition of a new shared house model that offers more flexibility for the service users until a more permanent accommodation solution is achieved.

Financial impact

- 5.1 The current spend on this form of homelessness provision is circa £5.8m per annum.
- 5.2 The framework contract, including extension period (two years, plus two), has a maximum potential cost of £24,217,460 based on the maximum usage level of 393 rooms per night of each year. This equates to £6,054,365 per annum.
- 5.3 The framework has been secured through a mix of fixed and flexible beds. This means that if not all 393 beds are used the potential spend in budget would reduce. However if all 393 beds are in continual use the contract value suggests expenditure will be greater than the current B&B spend because of increased use. The number of B&B bed nights used increased by 7% between 2013/14 and 2014/15.
- 5.4 In addition to the flexible payment model, potential further savings are anticipated by securing a fixed rate price over the term of contract.
- 5.5 No transition costs will be incurred because moves will be arranged in a planned way. In addition all future providers currently provide spot purchase B&B beds.
- 5.6 The costs associated with procuring this contract are estimated at between £20,001 and £35,000.

Risk, policy, compliance and governance impact

- 6.1 This contract is required to comply with the EU procurement regulations and reduce risk of budgetary pressures. Procurement of B&B and shared housing accommodation will ensure the Council is able to meet its statutory duty to provide temporary accommodation for people who are homeless. These 393 beds will comprise approximately 12% of all Council or commissioned temporary accommodation.
- 6.2 This contract will be monitored by the Assessment, Homelessness & Support manager, reporting to SFC Housing and Regeneration Head of Service.

Equalities impact

- 7.1 An equalities impact assessment was conducted as part of the temporary accommodation procurement process and there were no equalities issues identified.

Sustainability impact

- 8.1 The new framework will offer a core contract of two years, with an option of an additional period up to a maximum of two years.

Consultation and engagement

- 9.1 Finance and Housing & Regeneration staff members all involved in the project team which drafted the service specification.
- 9.2 Service user views were captured through the Homelessness Customer Survey, which was carried out in July 2014 and included a specific B&B service user focus group. Feedback was used to influence the service specification.
- 9.3 Providers' views were obtained through a series of consultation meetings held between January 2014 and January 2015.
- 9.4 Temporary accommodation staff conduct three monthly community liaison meetings, visiting neighbours and nearby local businesses to discuss B&B accommodation in a given area and ascertain if there are any issues to address.

Background reading/external references

None.

John Bury

Acting Director, Services for Communities

Contact: Susan Bruce, Assessment, Homelessness and Support Manager
susan.bruce@edinburgh.gov.uk , 0131 529 7334

Links

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|--------------------------|---|
| Coalition pledges | P8. Make sure the city's people are well housed, P30. Continue to maintain a sound financial position including long-term financial planning |
| Council outcomes | C10. Improved health and reduced inequalities C14. Communities have the capacity to help support people, C16. Well-housed- People live in a good quality home that is affordable and meets their needs and is well managed. C23. Well engaged and well informed-Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community C25. The Council has efficient and effective services that deliver on objectives C26. The Council engages with stakeholders and works in |

partnership to improve services and deliver on agreed objectives

Single Outcome Agreement

SO2. Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

SO4. Edinburgh's communities are safer and have improved physical and social fabric

Appendices

Appendix 1- Summary Tendering and tender evaluation Process

Appendix 2 – Scoring Methodology

Appendix 1: Summary of Tendering and Tender Evaluation Processes

| Contract | Temporary Accommodation – Lot 1 & Lot 2 |
|--|--|
| Contract Period | 1 July 2015 to 30 June 2017 with the option to extend for up to two years. |
| Estimated contract value | £ 6,054,365 (Annual) £24,217,460 (Total including extensions) |
| Standing Orders observed | Open Procedure |
| EC Directives | 2004/18/EC |
| Tenders Returned | 11 |
| Tenders fully compliant | 11 |
| Recommended Provider/s | 11 |
| Primary Criterion | Most economically advantageous tenders to have met the qualitative and technical specification of the client department' |
| Evaluation criteria and weightings and reasons for this approach | Quality (40%) Price (60%); Price was of higher importance due to the nature of the provision and Quality lower as requirements include a number of statutory requirements which it was essential all bids met and which are continually monitored. |
| Evaluation Team | Council Officers from Services for Communities, and Finance. |

Appendix 2 – Scoring Methodology

| Score | Description |
|---------------------------|---|
| 0 Unacceptable | Nil or inadequate response. Fails to demonstrate an ability to meet the requirement. |
| 1 Poor | Response is partially relevant but generally poor. The response addresses some elements of the requirement but contains insufficient/limited detail or explanation to demonstrate how the requirement will be fulfilled. |
| 2 Acceptable | Response is relevant and acceptable. The response addresses a broad understanding of the requirement but may lack details on how the requirement will be fulfilled in certain areas. |
| 3 Good | Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements will be fulfilled. |
| 4 Excellent | Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement and provides details of how the requirement will be met in full. |