

# Finance and Resources Committee

3pm, Tuesday, 4 December 2018

## Temporary Accommodation Off-Contract Waiver

Item number	7.18
Report number	
Executive/routine	
Wards All	
Council Commitments	

### Executive Summary

---

Currently, using off-contract accommodation is critical to the Council's delivery of temporary accommodation to homeless individuals and families.

This report seeks approval for one waiver to cover the anticipated spend for the remainder of 2018-19 and 2019-20 to allow the Council to meet its statutory obligations to homeless families.

## Temporary Accommodation Off-Contract Waiver

### 1. Recommendations

---

- 1.1 It is recommended that the Finance and Resources Committee approves a combined waiver for all spot purchases of temporary accommodation in flats, bed and breakfasts and tourist hotels until alternative contracted provision is in place.

### 2. Background

---

- 2.1 The Homelessness and Housing Support Service discharges the Council's statutory duty towards people who are homeless within the terms of part 2 of the Housing (Scotland) Act and amended by Section 5 of the Housing (Scotland) Act 2001.
- 2.2 This includes the provision of temporary accommodation for anyone who is homeless and requires it, until a permanent or settled offer of housing can be made.
- 2.3 There is currently an acute shortage of affordable housing in Edinburgh, this means that although homeless presentations are falling year on year, homeless case lengths and lengths of stay are increasing as it takes longer to secure settled accommodation for homeless households.
- 2.4 Currently the Council needs to use off-contract properties to meet statutory duties and to comply with the Homeless Person (Unsuitable Accommodation) (Scotland) Order 2004.
- 2.5 If additional properties are not used as temporary accommodation there is significant risk to the Council being brought into disrepute by breaching the Unsuitable Accommodation Order or by being unable to fulfil its statutory duty to provide temporary accommodation to qualifying households.
- 2.6 The council could face legal challenges if statutory duties are not met and risk incurring legal costs and compensation payments to service users.

### 3. Main report

---

- 3.1 The Council currently delivers its temporary accommodation services via several accommodation types. A number of these services are delivered in house and the remainder are delivered by partners on behalf of the Council.

- 3.2 Where accommodation services are delivered by partner organisations, the Council will seek to contract for these services. Given the current demands on the service and the requirement for the Council to fulfil its statutory duties to provide accommodation to anyone who is homeless and requires it there are times where accommodation is purchased off-contract.
- 3.3 The Council currently has contracts in place for a range of services, which includes the Private Sector Leasing Scheme, Interim Accommodation, Shared Houses, Bed and Breakfasts and a range of supported accommodation.
- 3.4 The Private Sector Leasing Scheme (PSL) is managed and delivered on behalf of the Council by Link Housing. This contract has capacity to secure up to 1750 properties from the private rented sector in Edinburgh to accommodate people who have been assessed as homeless.
- 3.5 Due to the competitive nature of the private rented sector in Edinburgh, the numbers of properties in the PSL scheme has dropped over the last few years as landlords have found other ways to let their properties more advantageous.
- 3.6 To tackle the reduction in properties, in February 2018 the Council agreed to provide extra funding, beginning in April 2018, to the scheme with the goal of retaining expiring leases and attracting new properties. Once the numbers in the scheme begin to build up this will increase the Council's contracted temporary accommodation provision.
- 3.7 The Council also contracts with a PRS managing agent, Easylet, to deliver up to 200 flats to be used as temporary accommodation. This contract began in March 2017 and currently delivers 163 properties. These properties are essential to ensure that the Council delivers its statutory duties to homeless people and work is ongoing with the provider to establish what the barriers to increasing the number of properties are.
- 3.8 The Council has an ambition to move away from using bed and breakfast accommodation to accommodate homeless households. In April 2018, the Finance and Resources Committee approved the procurement of around 500 shared house bed spaces, as an alternative to traditional bed and breakfast accommodation.
- 3.9 The shared house model of accommodation provides cooking, food storage and laundry facilities for residents and the new contract delivers around 100 more contracted bed spaces than the previous bed and breakfast contract, which was replaced on 3 August 2018.
- 3.10 The Council currently delivers 720 contracted supported accommodation spaces directly accessed for homeless people. A recent tender exercise, which is still in the evaluation stage, sought to increase this contracted provision further. New services will be in place for 1 April 2019, subject to committee approval, and this may result in additional capacity.
- 3.11 In addition to the work detailed above the Council has also began the process of creating an additional framework that providers can use to add properties for use as

temporary accommodation. A market testing exercise began in September 2018 with briefings for potential providers, with an anticipated start date of 1 April 2019.

- 3.12 To further ensure that appropriate temporary and settled accommodation is available for homeless people, the Homelessness and Housing Support Service is working with a range of internal and external partners to consider ways to increase housing options.
- 3.13 This includes the provision of an additional 30 Council homes to use as temporary accommodation, a commitment by RSL partners to provide an additional 275 homes to homeless people over an 18-month period and a greater access to Mid-Market Rent properties.
- 3.14 The Council has recently concluded a procurement exercise to secure a Rent Deposit Guarantee Scheme, the introduction of this scheme should ensure that homeless people can have greater access to the private rented sector which will assist in reducing case lengths and freeing up Council and contracted accommodation provision, which will result in a reduction in spend on non-contracted temporary accommodation.
- 3.15 The actions detailed above are now and will in the future contribute to mitigating the requirement for the Council to use non-contracted accommodation provision. However, in order to discharge our statutory duties annual off-contract expenditure is projected to be £4.516m based on the September 2018 spend. This equates to around 25.8% of the 2018-19 total forecast gross spend of £17.492m on commissioned temporary accommodation services.
- 3.16 Officers from Homelessness and Housing Support are working closely with colleagues in Commercial and Procurement Services to create a simple process that will ensure that whenever there is spend out with current contracted providers, this waiver, and the Council completes due diligence checks on the supplier. This will include police checks, financial probity, and relevant checks regarding their landlord status.

#### **4. Measures of success**

---

- 4.1 During the waiver period the Council significantly reduces off-contract spend for temporary accommodation.
- 4.2 An increase in the number of contracted temporary accommodation bed spaces to assist in the Council meeting its statutory duties to homeless people.

#### **5. Financial impact**

---

- 5.1 Demand for bed and breakfast/shared house and interim accommodation continues to increase due to increasing average length of stay and a shortage of available 'move-on' accommodation.

- 5.2 Annual off-contract temporary accommodation expenditure is projected to be £4.516m based on the September 2018 spend.
- 5.3 Bed and breakfast/shared house usage for the first six months of 2018/19 was 119,497 bed-nights, compared with 105,157 in 2017-18 (14% increase). Interim accommodation usage in the first six months of 2018-19 was 43,007 bed-nights, compared with 33,897 in 2017-18 (27% increase).
- 5.4 Although the bulk of these bed nights are contracted, most of the growth has been off-contract, however two previously off-contract providers were contracted in August 2018, which resulted in a significant reduction in the overall off-contract spend.
- 5.5 Officers monitor off-contract spend through monthly spend performance reporting. From April to July 2018, the average monthly spend was £0.584m. Due to mitigation actions detailed above, the average off contract spend for August and September 2018 was £0.358m.
- 5.6 Annual off-contract temporary accommodation expenditure is projected to be £4.516m based on the September 2018 spend. However actual expenditure will depend on demand and the success of the mitigating actions identified above.
- 5.7 A waiver is required to cover this spend for the remainder of this year and for 2019/20 to ensure that the Council complies with contract standing orders as mitigation actions are taken to reduce off-contract spend.
- 5.8 The use of off-contract providers varies, and a list of the off-contract temporary accommodation that has been used between April and September 2018 is included in Appendix 1.

## **6. Risk, policy, compliance, and governance impact**

---

- 6.1 There is a risk that the Council will be unable to fulfil its statutory duty to provide temporary accommodation to qualifying households.
- 6.2 The council may face legal challenges if statutory duties are not met and risk incurring legal costs and compensation payments to service users.
- 6.3 There is a risk of failing to abide by the Council's Standing Orders regarding procurement. This risk however is mitigated by the capacity in the market.
- 6.4 The Council has a statutory duty to ensure value for money. There is a risk that any placement out with the contracted services will not achieve this due to the emergency nature of the provision.

## **7. Equalities impact**

---

- 7.1 There are no negative equality or human rights impacts arising from this report.

## 8. Sustainability impact

---

- 8.1 There are no impacts on carbon, adaptation to climate change or sustainable development arising from this report.

## 9. Consultation and engagement

---

- 9.1 Consultation with colleagues in Temporary Accommodation, Partnership and Planning, Finance and Procurement has taken place to ensure compliance with Council Standing orders and ensure compliance with statutory duties.

## 10. Background reading/external references

---

- 10.1 None.

### **Alistair Gaw**

Executive Director, Communities, and Families

Contact: Nicky Brown, Homelessness, and Housing Support Senior Manager

E-mail: [nicky.brown@edinburgh.gov.uk](mailto:nicky.brown@edinburgh.gov.uk) | Tel: 0131 529 7589

## 11. Appendices

---

- 11.1 Off-contract temporary accommodation commissioned Apr-Sep 2018

## Appendix 1

### Off-contract temporary accommodation commissioned Apr-Sep 2018

<b>Bed &amp; Breakfast</b>	
Aaron Lodge	Premier Inn (Livingston)
Abbey Lodge	Premier Inn (Motherwell)
Britannia Hotel	Premier Inn (Musselburgh)
Culane House Hotel	Premier Inn (Princes Street)
Dunedin Guest House	Premier Inn (Royal Mile)
Edinburgh City Holiday Apartments	Premier Inn (South Queensferry)
Edinburgh Regency Guest House	Premier Inn (Stirling South)
Glenallan	Premier Inn (York Place)
Heriott Park B&B	Ravensdown
Hotel Ibis (Edinburgh Park)	Shiloh
Links Apartments	Travelodge (Cameron Toll)
Menzies Villas	Travelodge (Central)
Newington Guest House	Travelodge (Dreghorn)
Ocean Inn	Travelodge (Dunfermline)
Parkview Hotel	Travelodge (Edinburgh Airport)
Premier Inn (Bathgate)	Ibis Budget Hotel (Edinburgh Park)
Premier Inn (Dalkeith)	Merith House Hotel
Premier Inn (Dunfermline)	Premier Inn (Hub East Market Street)
Premier Inn (Edinburgh Airport)	Travelodge (Musselburgh)
Premier Inn (Edinburgh East)	Travelodge Rose Street
Premier Inn (Falkirk East)	Travelodge (Haymarket)
Premier Inn (Gyle)	Travelodge (Learmonth)
Premier Inn (Haymarket)	Travel Lodge (Livingston)
Premier Inn (Hub)	Travelodge (Queen Street)
Premier Inn (Lauriston)	Travelodge (Princes Street)
Premier Inn (Leith)	Travelodge (Waterloo Place)

<b>Interim Accommodation</b>	
Akbar Properties	Nahid Akram
CGHG	S&S Properties
City Apts	UI-Haq
Hardy	Zara Apartments
Josephs	