

Policy and Sustainability Committee

10:00am, Thursday, 25 June 2020

Temporary Accommodation – Off Contract Waiver Report

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 This report seeks approval to enter into spot contracts for temporary accommodation comprised of flats, bed and breakfasts and tourist hotels from the providers listed in Appendix 1, on a spot purchase basis for the period to 31 March 2021, to supplement the current contracted provision of accommodation.

Alistair Gaw

Director for Communities and Families

Contact: Nicky Brown, Homelessness and Housing Support Senior Manager

E-mail: nicky.brown@edinburgh.gov.uk | Tel: 0131 529 7589

Temporary Accommodation – Off Contract Waiver Report

2. Executive Summary

- 2.1 The use of spot contract accommodation to supplement the Council's accommodation contracts is critical to the Council's delivery of temporary accommodation, to homeless individuals and families.
- 2.2 This report seeks approval to enter into spot contracts for temporary accommodation as and when required with providers and to the value identified in Appendix 1 for the remainder of 2020-21. This will allow the Council to meet its statutory obligations to homeless families whilst responding to the Covid-19 pandemic.

3. Background

- 3.1 The Homelessness and Housing Support Service discharges the Council's statutory duty towards people who are homeless, under the terms of part 2 of the Housing (Scotland) Act and amended by Section 5 of the Housing (Scotland) Act 2001.
- 3.2 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.
- 3.3 There is currently an acute shortage of affordable housing in Edinburgh, this means that homeless case lengths and lengths of stay are increasing as it takes longer to secure settled accommodation for homeless households.
- 3.4 Currently the Council needs to use properties rented on a spot purchase basis to fulfil its duties. Supplementing the Council's longer-term accommodation frameworks and contracts in this way allows the Council to respond flexibly and meet additional demands when necessary.
- 3.5 The Council has faced significant challenges accommodating people who require homelessness assistance during the Covid-19 pandemic. The additional flexibility that delegating authority to secure a variety of accommodation on a spot purchase basis, as and when required will allow the Council to respond quickly and deliver best value.

- 3.6 Council Contract Standing Orders indicate Committee approval should be sought in circumstances where it is proposed to depart from the normal tendering requirements to direct award contracts in excess of £250,000.
- 3.7 The proposed spot purchases of accommodation may exceed £250,000 over the period to 31 March 2021.
- 3.8 The values set out in Appendix 1 are indicative only as an upper value. Spot contracting means accommodation will only be contracted for as and when required and will be used on a ranked best value and most suitable basis in order to meet required demand.

4. Main report

- 4.1 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 contracted partners, on behalf of the Council.
- 4.2 Where accommodation services are delivered by partner organisations, the Council is required to procure these services through a tendering process. The contracted services include the Private Sector Leasing Scheme (PSL), Interim Accommodation, Shared Houses, Bed and Breakfasts as well as a range of supported accommodation.
- 4.3 Given the current demands on the service and the requirement for the Council to respond quickly to deliver additional accommodation, as it becomes available the ability to spot purchase accommodation is crucial to meeting its statutory duties during the current pandemic.
- 4.4 Due to the competitive nature of the private rented sector in Edinburgh in recent years the current long term contracted provision does not fully meet the needs of the Council.
- 4.5 The current Covid-19 situation has meant an increase in temporary accommodation available to the Council at more affordable rates. To ensure best value accommodation providers are ranked by price subject to meeting the necessary quality criteria.
- 4.6 If provision is not required, then there is no obligation to use or pay for the accommodation. Should additional properties become available to the Council which demonstrate best value then delegated authority under the waiver process may be used up to a maximum of £250,000 to allow the Council to respond efficiently and appropriately.
- 4.7 Waivers will be reported to the Council in the six- monthly Contract Award and Procurement Programme report which provides visibility of contracts awarded by officers under delegated authority.

- 4.8 The Council will complete due diligence checks on the provider. This will include police checks, financial probity, and relevant checks regarding their landlord status.
- 4.9 The Scottish Government has set an ambitious target, which matches the Council, to move away from using bed and breakfast and other unsuitable accommodation types to accommodate homeless households, with the new legislation likely to be in place from October 2020.
- 4.10 To tackle the required increase in properties longer term, in April 2020 the Council agreed as part of the new contract to provide PSL, managed and delivered on behalf of the Council by Link Housing, with extra funding. The goal is to retain expiring leases and attracting new properties. Once the numbers in the scheme begin to build up this will increase the Council's contracted longer-term temporary accommodation provision.
- 4.11 The Council also contracts with private rented sector managing agents, Easylet, Mears and Imperial, to deliver up to 200 flats to be used as temporary accommodation. This contract began in March 2017 and currently delivers 163 properties.
- 4.12 These properties are essential to ensure that the Council delivers its statutory duties to homeless people and work is ongoing to encourage an increase in the number of properties.
- 4.13 In addition to the work detailed above the Council is procuring an additional framework for temporary accommodation including shared house provision and increasing flats utilising current contracts and spot purchase.
- 4.14 This is currently in progress and will assist when the Unsuitable Accommodation Order is extended to all people living in temporary accommodation in October 2020.
- 4.15 The Homelessness and Housing Support Service is working with a range of internal and external partners to consider ways to increase housing options to further ensure that appropriate temporary and settled accommodation is available for homeless people.
- 4.16 During the Covid-19 pandemic there is a need for additional accommodation as there is currently no movement out of temporary accommodation and the letting of properties in both the social and private housing sectors is likely to be restricted for some time.

5. Next Steps

- 5.1 During the waiver period the Council will continue to work to reduce off-contract spend for temporary accommodation.
- 5.2 There will be an increase in the number of contracted temporary accommodation bed spaces to assist in the Council meeting its statutory duties to homeless people.

6. Financial impact

- 6.1 Demand for temporary accommodation continues to increase due to increasing average length of stay and a shortage of available 'move-on' accommodation which has been exacerbated by the impacts of Covid-19 and the requirement to assist people with no entitlement to housing assistance for the purposes of suppressing the spread of the virus.
- 6.2 In 2019/20 the cost of Short Term Lets, Shared House and Bed and Breakfast accommodation was £22.8m with £6.9m relating to spot purchases. Expenditure to this level can be contained within the 2020/21 budget. The total value of the waivers listed in Appendix 1 is £9.3m with the balance of £2m above 2019/20 expenditure levels providing additional capacity in response to Covid-19.
- 6.3 A waiver is required to cover this spend for the remainder of 2020/21 to ensure that the Council complies with contract standing orders as mitigation actions are taken to reduce off-contract spend.
- 6.4 Temporary accommodation services have been included in a Council wide financial assessment of the additional costs being incurred in response to the pandemic.
- 6.5 Additional temporary accommodation costs relating to Covid-19 amounted to £0.675m up to 31 May 2020.
- 6.6 Prior to the outbreak of Covid-19, there was budget provision for Homelessness services in 2020/21. Scottish Government funding will provide partial mitigation against the additional temporary accommodation costs incurred as a result of Covid-19.
- 6.7 Approval of recommendations will secure the delivery of fixed prices.

7. Stakeholder/Community Impact

- 7.1 There is a risk that the Council will be unable to fulfil its statutory duty to provide temporary accommodation to qualifying households without securing additional accommodation.
- 7.2 The council may face legal challenges if statutory duties are not met and risk incurring legal costs and compensation payments to service users.
- 7.3 There is a risk of not tendering the contract opportunity to provider accommodation services, but this risk is low as the Council regularly tenders such opportunities and the framework mentioned above will be advertised this financial year.
- 7.4 Accommodation services for homelessness services is part of the light touch procurement regime.
- 7.5 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.

8. Background reading/external references

8.1 None.

9. Appendices

9.1 Appendix 1 - Spot Purchase Arrangements Under Contract Standing Order Waiver Arrangements (to be considered in private as it involves the disclosure of exempt information as defined in Paragraph 8 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973)