

# Finance and Resources Committee

10.00am, Tuesday, 21 November 2023

## Award of Contracts for Homeless Accommodation with Support

Executive/routine  
Wards

Executive  
All

### 1. Recommendations

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- 1.1 It is recommended that Finance and Resources Committee:
- 1.1.1 Notes the addition of seven suppliers to Category 2 of Temporary Accommodation Flexible Purchasing System (CT0627);
  - 1.1.2 Approves the award of contracts to eleven Service Providers to provide Homeless Accommodation with Support with maximum estimated contract value of £63,685,761, over a maximum 10-year period, prior to any inflationary uplifts agreed through the annual budget setting process and any additional funding that may be provided by the Scottish Government from 2024/2025 onwards for social care related pay increases;
  - 1.1.3 Approves short term contract extensions for continuity of service provision to ten existing service providers of Homeless Accommodation with Support, via waiver of Contract Standing Orders (CSOs) to allow time for transition to these new contracts noted above. These contracts would therefore extend to 31 March 2024 with a related cost of £1,250,323;
  - 1.1.4 The contracts will commence on 1 April 2024 for an initial period of five years, with the option to extend for a further period of up to thirty-six months plus an additional twenty-four months;

**Paul Lawrence**  
**Executive Director of Place**

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- 1.1.5 Note that the initial authority for this contractual spend was delegated within the total spend of £434 million over the full term of the Temporary Accommodation Flexible Purchasing System (CT0627), awarded by Finance and Resources Committee in October 2021,
- 1.1.6 Notes that on the 2 November 2023 the Council declared a housing emergency; and
- 1.1.7 That Council officers continue to prioritise the prevention of homelessness, with an action plan being submitted for consideration by the Housing, Homelessness and Fair Work Committee on the 5 December 2023 containing detailed actions on prevention work aimed at reducing the human and economic risks of homelessness.

## Award of Contracts for Homeless Accommodation with Support

### 2. Executive Summary

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- 2.1 This report is to request approval from the committee of the award of contracts for Homeless Accommodation with Support, awarded following a mini competition from the Flexible Purchasing System for Temporary Accommodation Framework CT0627.
- 2.2 13 organisations submitted 27 bids across 4 lots and following evaluation 11 organisations are recommended to be awarded contracts. Contracts will commence on 1 April 2024 for an initial period of five years, with the option to extend for a further period of up to thirty-six months and a further twenty-four months.
- 2.3 It is recommended that Finance and Resources Committee approves the award of contracts to:

<b>Provider</b>	<b>Contract Value (10 years)</b>
Bethany Christian Trust	£7,945,939
Crossreach	£4,303,088
FourSquare	£4,085,516
Hillcrest	£14,162,988
Link Living	£1,314,027
Right There	£5,171,227
Rock Trust	£2,286,385
Rowan Alba	£12,511,564
Salvation Army	£4,415,796
Scottish Veterans	£1,278,570
Wheatley Group	£6,210,661
<b>Total</b>	<b>£63,685,761</b>

- 2.4 This report also requests the approval of short-term contract extensions via waiver of CSOs to ten existing Service Providers to the value of the £1,250,323. The contracts will extend to 31 March 2024, and cover the transition from the previous

contracting arrangement to the delivery of the new services, essential for continuity of provision.

### 3. Background

- 3.1 The City of Edinburgh Council has a legal statutory duty under the Housing (Scotland) Act 1987 to provide temporary accommodation to people who are homeless or face homelessness.
- 3.2 Additionally, The Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2020, aims to improve temporary accommodation standards, however, it also renders a percentage of Edinburgh’s current temporary accommodation unsuitable due to the size and makeup of the accommodation.
- 3.3 The nature of Edinburgh’s housing market poses significant challenges to providing temporary accommodation in the city, particularly as the demand for temporary accommodation is easily influenced by changes to the political, legal, economic, and social landscape.
- 3.4 Increasing demand, combined with emergent need and lack of contractual flexibility can lead to non-compliant spot purchasing; increased cost; ‘unsuitable’ accommodation; and residents being placed in accommodation which is not suited to their support needs.
- 3.5 The Council had several different temporary accommodation contracts, however due to the fast paced, ever-changing landscape of temporary accommodation, demand has outstripped the contracted supply. This has left the Council’s current provision unsustainable due to a lack of capacity; accommodation proportionate to support needs; and contractual flexibility.
- 3.6 To address these issues, Commercial and Procurement Services (CPS) worked with the Homelessness and Housing Support service on a procurement process to establish a Temporary Accommodation and Associated Services Flexible Purchasing System (FPS).
- 3.7 This system was awarded in October of 2021, featuring provision to deliver a broad range of temporary accommodation and associated services:

Category 1: Temporary Accommodation with access to visiting support	1A - Private Rented 1B - Home Share 1C - Shared House
Category 2: Temporary Accommodation with access to residential support	2A – Supported Lodgings 2B – Shared House Inclusive of Support
Category 3: Emergency Accommodation with access to visiting support	Emergency Accommodation when no capacity is available through Category 1 and 2.

Category 4: Associated Services	Further sub-category to be added as required. For example; Street Work, Visiting Housing Support and Homelessness Prevention.
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- 3.8 The Service identified a requirement to procure Homeless Accommodation with Support, replacing the existing contracts originally due to end in March 2023.
- 3.9 Following a review process and stakeholder engagement, the previous contracts specifications were to be rationalised and re-organised into four lots, based on their different needs and legal requirements. The four lots would cover general provision (Lot 1), then specialist provision of rapid access homeless accommodation (Lot 2), as well as for Young People (Lot 3) and Veterans (Lot 4).

## 4. Main report

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- 4.1 The Procurement Strategy was agreed with CPS to take place over two stages. Stage one was to re-open Category 2 (“Temporary Accommodation with access to residential support”) of the FPS for applications from potential providers. Stage two would be to run a tender exercise for those providers to compete for the delivery of specific contracts.
- 4.2 Nine organisations had already been awarded a place on Category 2 of the FPS in October 2021.
- 4.3 A Contract Notice advertising the re-opening of the FPS was launched on 17 January 2023, specifically for any organisations interested in applying for Category 2. The deadline for submissions was the 13 February 2023.
- 4.4 Eight organisations applied to join Category 2. Following financial checks and assessment of their submitted SPD (Single Procurement Document), seven were awarded a place on Category 2, bringing the total number of organisations on Category 2 to 16.
- 4.5 A briefing and training session took place in April 2023 via Microsoft teams to help Service Providers to understand the open procurement process, which included handy hints for tendering and an estimated timeline. All power point presentations were shared with the Service Providers who attended the session.
- 4.6 A ‘mini competition’ for Homeless Accommodation with Support was launched on 30 May 2023, and all 16 organisations on Category 2 were invited to bid.
- 4.7 Pricing Schedules stipulated the maximum budget available per annum and requested that bidders submit both their capacity and price ‘per bed per week’.
- 4.8 The tender process allowed for negotiations with Service Providers should this be required to provide assurance or clarifications.
- 4.9 A total of 65 clarification questions were submitted, in order to give Tenderers time to assess the impact of responses and consequent amendments to the submission forms, the deadline for submissions was extended out until the 17 July 2023.

- 4.10 A total of 27 bids were received by 13 organisations.
- 4.11 One bid was incomplete and so deemed non-compliant.
- 4.12 The remaining 26 bids were evaluated between July and August.
- 4.13 A cost:quality ratio of 30:70 was applied as quality was considered to be of higher importance.
- 4.14 Two of the 26 bids were duplicates for both Lot: 1 General and Lot 2: Rapid Access, with the bidder offering the same service for both, depending on need and capacity of the Council. Both bids scored higher for Rapid Access, and so are recommended for award in Lot 2 only.
- 4.15 One bidder submitted a bid for Lot 1 which was evaluated as not meeting the specification in full. The Council will enter into a negotiation period with this bidder, to see whether the proposal can be amended to better meet the Council's requirement. The outcome of this negotiation is still on going and is not considered within this report.
- 4.16 Accordingly, 23 bids by 11 organisations across the 4 lots are recommended to be awarded contracts. All bidders met the minimum Quality standard (50%).
- 4.17 Should the award of contracts be agreed this would provide an additional 60 homeless accommodation with support bedspaces. This would support the delivery of the strategy to transform the mix of temporary accommodation and reduce the use of unsuitable temporary accommodation, ultimately aimed at eliminating the use of bed and breakfast accommodation.
- 4.18 The current unit cost for bed and breakfast accommodation is approximately £25,000 per year, compared to an average unit cost of £15,246 for homeless accommodation with support bed spaces. The additional 60 homeless accommodation with support bedspaces would replace bed and breakfast accommodation resulting in an annual saving of approximately £0.5m, assuming a void rate of 6%, and a reduction in unsuitable temporary accommodation.
- 4.19 It is anticipated that contracts will commence on 1 April 2024 for an initial period of five years, with the option to extend for a further period of up to thirty-six months and a further twenty-four months.
- 4.20 There were unanticipated delays during the above process, which added several months to the initial procurement timeline.
- 4.21 Additional time was spent ensuring the supplier base had access to and fixing user issues with the Public Contract Scotland – Tender system within Stage 1 of the procurement. A large number of clarification questions were received, so the tender was extended to allow all bidders to fairly address all the additional information within their tenders. Additionally, the evaluation of bids took longer than planned due the high volume of bids, which has led to the additional capacity within this report.

- 4.22 As such to allow sufficient time to ensure a successful transition to the new services, Committee is requested to approve contract extensions via waiver of CSOs to the current contracts for ten Service Providers delivering 18 services until the 31 March 2024. It is expected these extensions will cost a maximum of £1,210,25 and are essential for continuity of service.
- 4.23 A summary of the tendering and the tender evaluation process is attached at Appendix 1.
- 4.24 All Service Providers recommended for award are detailed in Appendix 2, along with the services.
- 4.25 All Service Providers recommended for an extension are detailed in Appendix 3, along with the services.

## **5. Next Steps**

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- 5.1 Should the Committee agree this report contracts will be awarded to the named Service Providers.
- 5.2 The contracts will be monitored and managed by the Partnership and Planning Service.
- 5.3 The Contracts and Grants Management team (CAGM) will engage with the Head of Homelessness and Housing Support, to ensure that effective contract management is delivered throughout the framework lifecycle as detailed and agreed in the Contract Management and Handover report. This will include proactive supplier engagement, monitoring of management information, application of Key Performance Indicators (KPI) and tracking of relevant budgets.

## **6. Financial impact**

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- 6.1 The proposed service costs would be met from the Council's Housing and Homelessness revenue budget.
- 6.2 The costs of the current services are budgeted at £5,453,812 per annum and provide 559 bed spaces. The future annual cost of the services is £6,368,576 to deliver 619 bed spaces. This is an increase of £914,764 to deliver an additional 60 bed spaces, an average unit cost of £15,246.
- 6.3 The additional 60 bed spaces will provide 'suitable accommodation' and lead to a corresponding reduction in more costly 'unsuitable' B&B and shared house accommodation. The current average unit cost of B&B and shared accommodation is approximately £25,000 per annum.
- 6.4 The funding required to provide an extra 60 bed spaces under this contract will be transferred from the B&B and shared accommodation budget and is expected to provide additional savings of approximately £0.5m per annum assuming a void rate

of 6%. These savings will be taken into account when assessing the financial requirements of the Homelessness Service in 2024/25.

- 6.5 The contracts are expected to increase by 2% a year from year 2 of the contract to reflect inflationary factors. These additional costs will be considered through the annual budget setting process from 2025/26 onwards.
- 6.6 The annual contract values are fixed for the duration of the contract period, subject to any inflationary increases agreed through the annual budget setting process and nationally agreed changes to social care hourly rates funded by the Scottish Government.
- 6.7 Additionally, the Flexible Purchasing System has a mechanism for price reviews to better reflect market conditions and will be undertaken periodically to achieve value for money, as appropriate. Delegation of Authority to the Executive Director of Place will allow for a more responsive, flexible approach to changing trends in homelessness presentations.
- 6.8 The cost of the extensions of existing contracts for the period 1 January - 31 March 2024 is £1,250,323 and this is contained within existing Homelessness budgets.
- 6.9 The costs associated with procuring this contract are estimated from £20,001-£35,000.

## **7. Equality and Poverty Impact**

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- 7.1 As detailed in the Integrated impact assessment (IIA) the services commissioned will have a positive impact on people from the protected characteristics who are homeless. Specific services for people on the basis of sex, age and multiple/complex needs will be provided. Services will also help to improve the situation of people in poverty. Services will not be able to help people with no recourse to public funds but will refer them to other organisations that can help.
- 7.2 The services commissioned will help to eliminate harassment of people who are homeless, will advance the equality of opportunity for people who are homeless and will foster good relations between people who share a protected characteristic and those who don't. Services work closely with homeless people to improve their socio-economic status and reduce poverty in Edinburgh.
- 7.3 An IIA and Data Protection Impact Assessment (DPIA) have been completed. The IIA has been submitted for publication.

## **8. Climate and Nature Emergency Implications**

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- 8.1 As a public body, the Council has statutory duties relating to climate emissions and biodiversity. The Council

*“must, in exercising its functions, act in the way best calculated to contribute to the delivery of emissions reduction targets”*

(Climate Change (Emissions Reductions Targets) (Scotland) Act 2019), and

*“in exercising any functions, to further the conservation of biodiversity so far as it is consistent with the proper exercise of those functions”*

(Nature Conservation (Scotland) Act 2004)

- 8.2 The City of Edinburgh Council declared a Climate Emergency in 2019 and committed to work towards a target of net zero emissions by 2030 for both city and corporate emissions and embedded this as a core priority of the Council Business Plan 2023-2027. The Council also declared a Nature Emergency in 2023.

### **Environmental Impacts**

- 8.3 Climate change was identified as relevant to this procurement exercise and suppliers were required to complete a Climate Change Plan within their Tender packs to provide evidence that their organisation has taken steps to build the awareness of the climate change emergency. Scope 1, 2 and 3 emissions were addressed in the Tender Pack as defined in the Greenhouse Gas Protocol.
- 8.4 Tenderers were required to indicate how their organisations would minimise their services impact on the environment, and detail steps to reduce carbon emissions through the contract period. Mandatory submissions were received and evaluated from all tenderers as part of the Tender process.

## **9. Risk, policy, compliance, governance and community impact**

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- 9.1 The Framework Agreement recommended for award is compliant with regulations and the Contract Standing Orders. (CSOs) thereby reducing the risk of legal challenge relating to contractual arrangements.
- 9.2 The existing services and interested parties were consulted prior to procurement to input into the service specification and the design of services. The service specifications were then changed as a result of the consultation.
- 9.3 Service users are consulted regularly by services to gain feedback into how the services are run. This was fed back to the Partnership and Planning team who used the information to inform the Service Specifications and to look at what needed to be commissioned. This included a need for more single sex services for women experiencing homelessness, more services for young people and services for people who had care and support needs who require a longer stay in accommodation.
- 9.4 During the initial procurement for the FPS in 2021, in order to engage as many organisations as possible, CPS published a PIN on 3 February 2021 to engage with the market and advertise a Talking Tenders Event.
- 9.5 This event was held virtually, in conjunction with the Supplier Development Programme (SDP) on 23 February 2021. The event thoroughly explained the proposed approach to interested providers, explaining the process of application,

and developing a step-by-step guidance document. The Supplier Development Programme also offered a range of additional support. There were 71 notes of interest on the PIN with 76 event attendees.

- 9.6 Of those who noted interest on the PIN, 48% were micro-organisations, 21% small organisations, 16% medium organisations and 15% large organisations.
- 9.7 Once the opportunity was open for application, an additional Webinar was held in conjunction with the Supplier Development Programme, which demonstrated a live walk through of the online tender portal, showing where and how to upload the relevant documents and complete submissions. Again, the recording and questions and answers were shared with all providers after the event.
- 9.8 All of the above material was then re-shared with any new applicants to the framework in 2022.
- 9.9 The Sustainable Procurement Strategy was considered and applied through the request of community benefits.
- 9.10 As part of the tendering process questions were included within the tender submission in relation to Fair Work Practices, Sustainability and Community Benefits. 10 of the 11 suppliers pay at or above the Real Living Wage across their organisations, with all suppliers committed to becoming accredited Real Living Wage Suppliers.
- 9.11 All Service Providers have passed financial assessments and agreed to Terms and Conditions which minimises risk to the Council.
- 9.12 Were the Council to reject this report, it would be at risk of breaching its legal statutory duty under the Housing (Scotland) Act 1987 to provide temporary accommodation to people who are homeless or face homelessness.

## **10. Background reading/external references**

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- 10.1 [The City of Edinburgh Council's Rapid Rehousing Transition Plan](#) - Housing, Homelessness and Fair Work Committee, 18 September 2020.
- 10.2 [The Unsuitable Accommodation Order](#).
- 10.3 [Homelessness Services – Use of Temporary Accommodation](#) – Finance and Resources, 29 October 2020.

## **11. Appendices**

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- 11.1 Appendix 1 – Summary of Tendering and Evaluation Process.
- 11.2 Appendix 2 – Summary of Tendering and Evaluation Outcome.
- 11.3 Appendix 3 – Summary of Extensions.

## Appendix 1 – Tender Evaluation Process

<b>Contract</b>	<b>CT2880 – Homeless Accommodation with Support</b>	
Contract Period	60 months with the option to extend for a further 36 months and then a further 24 months	
Maximum Total Contract Value (including extensions)	£63,685,761	
Procurement Route Chosen	MINI-Competition via Flexible Purchasing System CT0627: Competitive Procedure with Negotiation	
Admission to the Flexible Purchasing System (Category 2)	<ul style="list-style-type: none"> <li>- Financial Probity Assessment</li> <li>- SPD</li> <li>- Police Scotland Check</li> </ul>	
Admission Methodology	Pass / Fail to provide unranked pool of appropriate providers.	
SPD Compliance	SPD verified by officers from CPS.	
Contracts to be Awarded	Twelve Service Providers across four Lots	
Price / Quality Split	<b>Quality 70</b>	<b>Price 30</b>
	<b>Criteria</b>	<b>Weighting (%)</b>
Evaluation Criterion and Weightings – <b>ALL Lots Lot Specific Questions</b>	Question 1 - Service Delivery	30%
	Question 2 - Partnership Working and Communication	20%
	Question 3 - Homelessness Assessments and access to benefits	10%
	Question 4 - Service Delivery Team	5%
	Question 5 - Client Support	10%
Question Weightings – <b>ALL LOTS but answered in Lot Specific</b>	Question 6 - Health and Safety	5%
	Question 7 - Business Continuity	5%
	Question 8 - Community Benefits	5%
	Question 9 - The Environment	5%
	Question 10 - Fair Working Practices	5%

## Appendix 2 – Tender Evaluation Outcome

<b>Homeless Accommodation with Support – Lot 1: General</b>	
<b>Organisation</b>	<b>Final score</b>
Salvation Army	89.50
Bethany Christian Trust 'A' submission (Bethany Supported Housing)	85.17
Cross Reach 'B' submission (Rankeillor House)	83.65
Loretto Care 'B' submission	78.82
Loretto Care 'C' submission	78.82
Loretto Care 'A' submission	76.32
Bethany Christian Trust 'B' submission (Bethany Christian Centre)	75.45
Bethany Christian Trust 'D' submission (Ann Hope House)	75.45
Cross Reach 'A' submission (Cunningham House)	74.04
Bethany Christian Trust 'B' Submission (Bethany House Accommodation Service)	73.65
HillCrest	67.25
Right There (Broom House)	64.95
Rowan Alba 'B' Submission (Stramullion)	60.16
Rowan Alba 'A' Submission (Thorntree Street)	56.02
Rowan Alba 'D' Submission (New Service)	54.27
Rowan Alba 'C' Submission (Thorntree Mill)	52.45

<b>Homeless Accommodation with Support – Lot 2: Rapid Access</b>	
<b>Organisation</b>	<b>Final score</b>
Salvation Army	93
Right There	75

<b>Homeless Accommodation with Support – Lot 3: Young People</b>	
<b>Organisation</b>	<b>Final score</b>
Rock Trust	94.75
Four Square	83.98
Right There	79.61
Link Living	69.66

<b>Homeless Accommodation with Support – Lot 4: Veterans</b>	
<b>Organisation</b>	<b>Final score</b>
Scottish Veterans Residence	93

### Appendix 3 – Summary of Extensions by Waiver.

<b>Provider</b>	<b>1<sup>st</sup> January – 31<sup>st</sup> March 2024</b>
Bethany Christian Trust	£198,532
Crossreach	£81,907
Four Square	£98,071
Hillcrest	£309,181
Right There	£110,212
Rock Trust	£50,661
Rowan Alba	£171,690
Salvation Army	£80,344
Scottish Veterans	£27,739
Wheatley Homes	£121,986
<b>Total</b>	<b>£1,250,323</b>