

Birmingham City Council

Report to Cabinet

22nd March 2022



Subject: **WORKING WITH THE PRIVATE SECTOR TO DELIVER TEMPORARY ACCOMMODATION SOLUTIONS**

Report of: Managing Director – City Housing

Relevant Cabinet Member: Councillor Sharon Thompson, Cabinet Member for Vulnerable Children and Families

Councillor Tristan Chatfield – Finance and Resources

Relevant O&S Chair(s): Councillor Kate Booth – Housing and Neighbourhoods

Councillor Mohammed Aikhlaq – Resources

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 009993/2022		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

- 1.1 In November 2020 Cabinet report approved a procurement exercise to be carried out for the provision of temporary accommodation to support the Council's statutory duty to provide temporary accommodation to vulnerable households under the Housing Act 1996, the Homelessness Act 2002 and the Homeless Reduction Act 2017 for a period of up to 10 years.

- 1.2 The decision to undertake a tender to secure up to 10 years of Private Sector Leased properties reflected a number of factors. The need to ensure a sufficient supply of temporary accommodation to meet ongoing pressures and a supply that is not only dependent upon City Council stock but is made up of a range of accommodation types; and a commitment to ensure best value through procurement could be realised. The tender produced what was intended in terms of access to property and the costs associated with the approach are in line with the expectations and budget available. Permission is now sought to contract and spend accordingly.
- 1.3 The November 2020 Cabinet report included the current contract value of £11.2m on the current contract with a need for up to 2000 units. The report stated that through the procurement exercise the financial impact of the new contracts will be to seek cost efficiencies and a potential budget saving. Due to there not being explicit reference, to the fact that tender prices may be higher for more units, further approval from Cabinet is required to contract for more than this stated amount.
- 1.4 Demand for temporary accommodation units remains high and the procurement exercise resulted in a position requiring £15.350m p.a. for a new Private Sector Leasing (PSL) contract. This being £3.650m above what can be awarded – that is £11.2m plus a tolerance threshold of £0.5m, total £11.7m. This is for 1230 units.
- 1.5 The new price following procurement reflects the Private Sector market. This is a market that has seen significant inflation impacted by private and public demand for accommodation in the city, house price inflation including during the pandemic and the range of options available to Private Landlords.
- 1.6 If the new contracts are awarded up to £11.7m the service will be 362 units of accommodation short of current requirements. The 2022/23 PSL budget is already set at £15.350m and approval for this is part of the budget was reported at full council 22nd February 2022.
- 1.7 Approval to award the PSL contract for the full £15.350m is sought.

2. Recommendations

That Cabinet:

- 2.1 Approves the extension of the existing PSL Temporary Accommodation Framework Agreement using PCR15 reg 72 (1) (e) (8) for a period of up to 6 months to allow for the approval to award contracts up to the full budget provision of £15.350m, with the intent for block contracts to be let by the end of March 2022. The full extension also allows for the approved Temporary Accommodation Dynamic Purchasing System to be awarded in order to support the immediate shortfall of properties and future peaks and troughs in demand.

3 Background

- 3.1 There are currently 1303 units of PSL property in use as temporary accommodation, this is out of a total of 4137 units of temporary accommodation. There is ongoing and increasing pressure upon temporary accommodation including expensive and unsuitable B&B provision.
- 3.2 There are more than 700 households currently living in B&B provision, more than 400 have been in that provision for more than 6 weeks. Reducing and eliminating the use of B&B as temporary accommodation is a strategic priority.

4 Options considered and Recommended Proposal

- 4.1 Allow current arrangements to continue. This is not possible, the current contracts with private landlords ended on 28th January 2022, beyond this point the arrangements are out of contract.
- 4.2 Contract for £11.2m plus £0.5m tolerance. This leaves a shortfall in provision of at least 362 units of accommodation. These households would have to be moved out of the PSL accommodation, with a likely direct impact upon numbers in B&B with a substantial financial impact.
- 4.3 Contract for £11.2m plus £0.5m tolerance immediately, and for the remaining £3.50m subsequently. This is not possible as contracts cannot be let a second time from the same tender.
- 4.4 Contract for the full £15.350m in order to meet the current requirements for PSL, in line with the available budget, and tender outcome. Recommended.

5 Consultation

- 5.1 The original tender process included consultation with the Registered Social Landlord sector to scope interest in participation in this opportunity.

6 Risk Management

- 6.1 For the original tender, the CPS approach was to follow the Council Risk Management Methodology and the Procurement and Contract Management Teams are responsible for local risk management. CPS maintains a risk management register and documentation relevant for each contract. The risk register for the block contracts has been jointly produced and owned by CPS and the Housing Options Service. Arrangements are in place to ensure operational risks for the block contracts are mitigated. Key risks included the ability of the private sector to identify a sufficient supply of properties and sites for housing in the right locations to meet demand and customer requirements as well as for the Council in managing communication and engagement with communities affected by the development of temporary accommodation provision. However, this was partly mitigated by the current number of properties TA are already using in the private sector. The remaining key risk is time lost in contracting private landlords which risks the loss or withdrawal of properties.

7 How are the recommended decisions consistent with the Council's priorities plans and strategies?

7.1.1 This proposal is also consistent with the Council's Vision and Forward Plan 2018 - 2022 (updated in 2019) key priorities by:

Working with the Private Sector to Deliver Temporary Accommodation Solutions.

Outcome 2 Birmingham is an aspirational city to grow up in – we will work with partners to provide a multi-agency approach to the protection of vulnerable children and young people.

Outcome 3 Birmingham is a fulfilling city to age well in – we will work with partners to improve the care for older people.

Outcome 4 Birmingham is a great city to live in: we will work with partners to tackle rough sleeping and homelessness by providing accommodation to enable access to pull support to develop independent living skills.

7.1.2 This will help tackle inequality and deprivation and promote social cohesion across all communities in Birmingham and ensure dignity, particularly for older people and safeguarding of children in that the contract will allow fast access to house homeless households on a temporary basis.

7.2 Legal Implications

7.2.1 The Council has a duty to provide temporary, emergency accommodation under Part VII of the Housing Act 1996. Under section 17 of the Children's Act 1989 the Council has a duty to safeguard and promote the welfare of children within their area who are in need.

7.3 Financial Implications

7.3.1 The previous report to Cabinet in November 2020 stated an estimated contract value of £11.2m, however, following the tender process the contract value has increased to £15.350m. As a result, this report is seeking to increase the contract value.

7.3.2 The new contract relates specifically to 1230 properties and will be used to house existing demand within this accommodation type. The contract provides better rates than currently being paid reducing current budget pressure within the service. This is also more cost effective than using B&B and supports delivery of saving requirement.

7.3.3 Funding for the increased contract value has been built into the service budget from 2022/23 factoring in rental income due and inflationary uplift on expenditure.

7.4 Procurement Implications

7.4.1 This report concerns a procurement strategy and any implications are detailed throughout the report.

7.4.2 Concluding the award of the tender will be on the basis of delegations as set out in the original report 10 November 2020.

7.5 Human Resources Implications (if required)

- 7.5.1 The procurement activity and the subsequent contract management will be undertaken by Council staff.

7.6 Public Sector Equality Duty

- 7.6.1 In regard to section 149 of the Equality Act 2010, the procurement was related to property acquisition and as such there are no practices that could be considered unfair, unlawful or discriminatory within this context.

8 Appendices

Equality Assessment.